

News Details

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Current price and cost figures for German dairy sector

Situation in April 2023: prices drop while costs remain high

(Brussels, 17 July 2023) According to the quarterly update of the cost study established by the Farm Economics and Rural Studies Office (BAL), milk production costs in Germany amount to 46.68 cents per kg (as of April 2023). That means that production costs have only decreased by 1 cent since January 2023 while things are quite different for the average producer price. This was 56.91 cents in January and has since fallen significantly to 45.11 cents per kg in April, putting an end to a short period of cost-covering milk prices. Milk producers are once again confronted with daily financial deficits. For April, the price/cost ratio shows a shortfall of 3 percent, which is a 22-point drop compared to January, when cost coverage was still 119 percent.

This situation comes as no surprise, as a decline in demand and rising supply volumes have exerted downward pressure on milk prices again since the beginning of the year. Producers in other European countries are also struggling with falling prices while costs remain high. They are calling for the activation of a voluntary volume reduction scheme at EU level in order to achieve stable prices on the dairy market with the help of minor temporary reductions in milk volume.

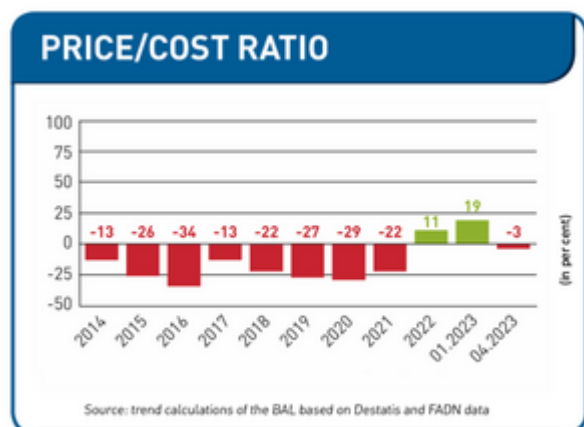
Development of milk production costs in Germany

[Here](#) you have the evolution of German milk production costs from 2014 to April 2023.

Price/cost ratio

The price/cost ratio illustrates to which extent milk prices cover the cost of production. In April 2023, milk prices did not cover the cost of production. The shortfall was 3%.

Here you see the evolution of the price/cost ratio since 2014.



Milk Marker Index (MMI)

The Milk Marker Index (MMI) represents the evolution of milk production costs. In April 2023, the MMI was at 113, i.e. production costs for German dairy farmers had risen by 13% as compared to the base year 2015 (2015 = 100).

Here you see the evolution of the Milk Marker Index over time.



Study on organic milk production costs

In November 2019, a study on the cost of production of organic milk in Germany was published (period: 2011/12 to 2018/19). You can find this study [here](#) as well as current data for 2021/22 [here](#).

Study on milk production costs in eight key milk producing countries

Cost calculations are regularly carried out in Germany but also in seven other countries.

The 2019 study on milk production costs in Belgium, Denmark, France, Germany, Ireland, Lithuania, Luxembourg and the Netherlands is available [here](#). You can find an update for 2021 with an outlook for the first quarter 2022 [here](#).

A chronic shortfall between production costs and milk prices – what is the solution?

The European Milk Board promotes a legally-anchored crisis instrument to counteract the chronic cost shortfall. The Market Responsibility Programme (MRP) observes and reacts to market signals by aligning production.

[Here](#) you have a short description of the EMB's Market Responsibility Programme.

Background:

Commissioned by the European Milk Board and the German producer organisation MEG Milch Board, the Farm Economics and Rural Studies Office (BAL) started compiling comprehensive data on milk production costs in Germany in 2012 for the study entitled "What is the cost of producing milk?". The calculation is based on data from the EU Farm Accountancy Data Network (FADN) as well as the German Federal Statistical Office (Destatis), and has been updated every quarter since 2014.

[Download data sheet here](#)

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