

25.16c/l – 90p/g barrier broken



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25.16c/l is a special number in Irish Milk Price Comparison. It is special because in old money it is the equivalent of 90 pence per gallon. Now for the first time since 1988 a number of creameries have breached this 25.16c/l barrier.

The first creamery in the League to drop below 25.16c/l is Lakeland. In the April league they are returning 25.14c/l. This is a reduction on the March Price of 0.21c/l. Their Standard Price remains unchanged. However this decrease is a result of their Lactus Bonus Payment ending in March.

There are more price reductions in the Predicted May Table. In this Table Lakeland are joined by three creameries who fall below the special

42.67c/l – 152.67p/g required in 2006 to match 1988

QUESTION: - When was the last time that Irish creameries were under 25.16c/l?

ANSWER from the CSO: - 1988 - When they reported the price for the year at 25c/l.

Now for the real crunch - What price would a milk supplier require in 2006 to have the same purchasing power as 1988?

The answer is startling. Using CSO data the milk price to match 1988 would have to be 42.67c/l or a massive 152.67p/g. It is important to point out that this is not an Irish phenomena. The bar chart accompanying this article shows price reductions are international.

figure of 25.16c/l or 90p/g. They are Arrabawn, Connacht Gold and Donegal. Both Connacht Gold and Donegal are under 25c/l, another milestone.

It is not all bad news in the Predicted May Table. Dairygold, Kerry, North Cork, Boherbue and Newmarket have all held their May Price at the April level. Other significant

performers who also hold the Price at a high level are the West Cork Group, Centenary and Tipperary. Centenary are now outperforming their mother ship Glanbia.

Predicted May prices

Creamery	league cash price May c/l	league cash price May p/g	Reduction May v Apr c/l on standard price	Reduction May v Apr p/g on standard price
Dairygold	26.70	95.52	No change	NC
Kerry	27.70	95.52	NC	NC
Newmarket	26.65	95.35	NC	NC
North Cork	26.65	95.35	NC	NC
Boherbue	26.62	95.24	NC	NC
Lisavaird	26.40	94.45	NC	NC
Bandon	26.35	94.27	NC	NC
Centenary Thurles	26.0	93.02	NC	NC
Tipperary	25.60	91.60	MNC	NC
Glanbia	25.30	90.52	NC	NC
Monaghan	25.31	90.55	1.00	3.57
Lakeland	25.14	89.94	0.21	0.75
Arrabawn	25.02	89.51	0.66	2.36
Connacht Gold	24.90	89.08	0.88	3.15
Donegal	24.85	88.91	1.00	3.57=

Wexford top on payout at 27.05c/l

WEXFORD are clear leaders on actual payout for April. Their price is 27.05c/l or almost 97p/g. This performance is basically the result of their very high constituents level. This is especially true on protein where they are a mile ahead of the field returning protein at 3.31%. As I have written before the Wexford constituent level is the result of a definite breeding policy with emphasis on protein levels. In next weeks *Irish Farmers Journal* I will feature the top constituent supplier to Wexford in our ongoing series on star constituent performance. Again we will show a big gap in price between the top and bottom.

The April League figures continue recent trends. Dairygold and Kerry are equal firsts. In joint second are Newmarket and North Cork. The third spot is share by Boherbue and Drinagh.

€100 PER COW PRICE GAP

The most significant feature of the April League is the difference between the top and bottom. On the Standardised Basis this gap is 1.56c/l or 5.58p/g. The difference on the payout basis is worse at 2.05c/l or 7.23p/g. This 2.05c/l is serious money — over an annual cow lactation it is the equivalent of approximately €100 per cow.

Boherbue bonus

BOHERBUE have announced a bonus of 2c/g on all milk supplied for 2005. This well managed unit is also providing an imaginative share option - in lieu of the 2c/g bonus suppliers if they wish can exercise a share option.

For example a 50,000 gallon supplier can either take €1,000 in cash or 1,000 €1 Boherbue shares. The shares look like good value. Boherbue have issued a total of only somewhat over 300,000 shares. Their property with current high prices could be worth €8-10m. Thus their €1 share could be worth up to €30 each in reality.

April 2006 milk price league

All cash price in column (A) are based as follows: ★ No volume conditions ★ 3.60 per cent butterfat ★ 3.30 per cent protein ★ Protein bonus not included ★ SCC 400,000

★ TBC 50,000 ★ Dairy Board and state levies at rate deducted by creamery ★ Transport charges based on 30,000 gallons per year collected ex-farm. ★ Farmer not required to have more than bulk size for five milkings.

Creamery	Cash Price c/l Apr 06	Cash Price c/l Apr 05	Collection Charge c/l	Price cut Apr 06 v Apr 05	Avg cr Fat	Avg cr Protein	B/F diff per each 0.10%	Price Diff per each 0.10%	Price based on Avg Cr Fat & Pro	Ranking on Avg Cr Fat & Pro
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Division No. 1 Over 26.50

*Dairygold	26.70	27.32	Nil	0.57	3.58	3.23	0.29	0.44	26.30	4
Kerry	26.70	27.58	Nil	0.88	3.59	3.20	0.25	0.49	26.20	6
*Barryroe	26.65	27.20	0.28	0.55	3.57	3.27	0.29	0.47	26.45	3
Newmarket	26.65	27.50	Nil	0.85	3.64	3.12	0.35	0.37	26.15	7
North Cork	26.65	27.50	Nil	0.85	3.60	3.16	0.30	0.40	26.25	5
Boherbue	26.62	27.50	Nil	0.85	3.79	3.16	0.30	0.40	26.65	2
*Drinagh	26.62	27.32	0.39	0.70	3.56	3.22	0.34	0.45	26.15	7
Wexford	26.55	27.05	Nil	0.50	3.71	3.31	0.28	0.47	27.05	1

Division No. 2 - 26.00-26.50

*Lisavaird	26.40	27.07	0.28	0.67	3.59	3.26	0.28	0.45	26.20	6
*Bandon	26.35	27.31	Nil	0.96	3.62	3.28	0.25	0.56	26.30	4
Monaghan	26.31	27.20	0.50	0.88	3.70	3.00	0.36	0.40	25.90	9
Centenary-Thurles	26.00	26.70	Nil	0.70	3.69	3.26	0.20	0.50	25.98	8

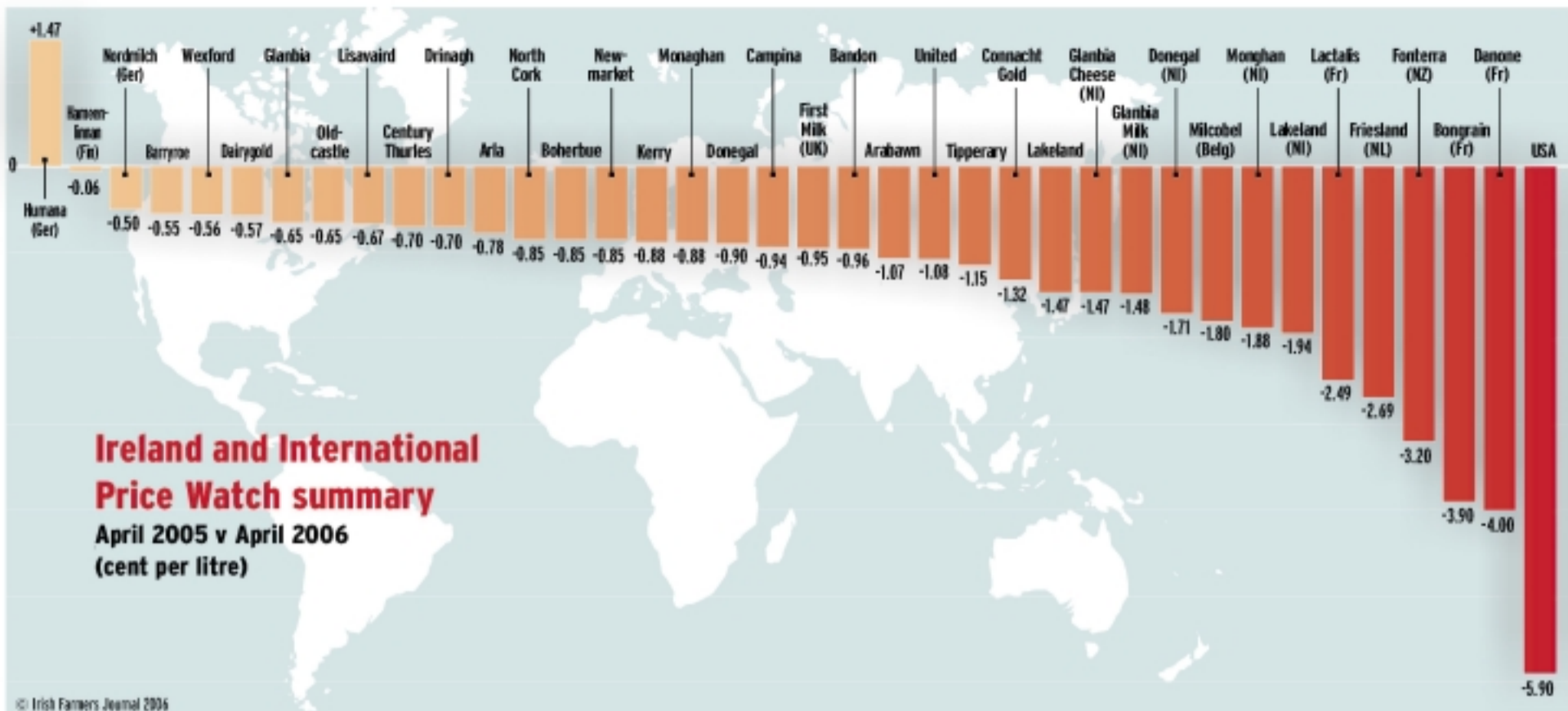
Division No. 3 - Under 26.00

Donegal	25.85	26.72	0.92	0.90	3.81	3.14	0.26	0.47	25.65	10
Arrabawn	25.68	26.75	0.50	1.07	3.71	3.18	0.32	0.40	25.55	11
Tipperary	25.60	26.70	0.18	1.15	3.63	3.23	0.25	0.56	25.35	12
○ Conn/ Gold	25.57	26.84	0.63	1.32	3.71	3.19	0.24	0.39	25.05	15
⊗ Glanbia	25.30	26.00	Nil	0.70	3.63	3.25	0.26	0.46	25.15	14
Oldcastle	25.30	26.00	Nil	0.70	3.79	3.17	0.26	0.46	25.25	13
Lakeland	25.14	26.61	0.39	1.47	3.73	3.17	0.17	0.37	25.00	16

*Price includes S.C.C Bonus for under 200,000

○ Connacht Gold required space for 7 milking for top price

⊗ Glanbia required over 4.32 Lactose for top price



Ireland and International Price Watch summary
April 2005 v April 2006
(cent per litre)



International price watch – US down 5.9c/l – 21p/g

INTERNATIONAL milk prices are in decline. The summary chart above shows this very clearly. When April 05 is compared to April 06 the highest cut is from the US - down 5.9c/l or 21p/g. Despite this price drop the USDA have reported a 3.2% increase in milk production in April 06 compared to April 05. Over this same period cow numbers have increase by 95,000. The total number of US dairy is 9 million. Dairy products are naturally increasing - butter stocks up 20%,

cheese production over the last year is +1.5%. Again Irish creameries are doing well in this international comparison. The majority are holding their reduction at under 1c/l April 06 -v- April 05. The situation is not as bright for Northern producers. United shows the lowest cut but from a low base. Lakeland shows the highest drop at 1.94c/l, followed by Monaghan at 1.84c/l. However it must be interesting that Monaghan top the

northern League handling 19% of the regions milk supply. They are paying 24.67c/l or 88.26 c/g. The United price is down to 22.60c/l or 80.85p/g. Hopefully 80p does not become the new benchmark. French prices appear to be dropping fast - again April 05 -v- April 06 - Danone -4c/l, Cheese giant Bongrain - down 3.9c/l. There are indications that the French government may introduce some clever national supports on the dairy scene.

April 2006 Northern Ireland milk league

55,000 GALS

Milk buyer	Price (litre)	Transport charge (55,000)	Price litre plus 4.8% VAT (55,000)	Price in € plus 4.8% VAT Apr 05	Estimated share of total milk %	Euro price diff Apr 06 v Apr 05
Division No. 1 - Over 15.00p						
Town of Monaghan	16.35	0.51	17.13	24.67	19	1.88
Donegal Creameries	16.12	0.57	16.89	24.33	3	1.71
Lakeland Dairies	16.05	0.22	16.82	24.22	14	1.94
Glanbia Milk	15.73	0.38	16.49	23.74	2.5	1.48
Glanbia Cheese	15.46	0.63	16.20	23.33	5	1.47
Division No. 2 - Under 15.00p						
United Dairy Farmers	14.97	0.59	15.69	22.60	56	1.08

International standardised milk price – April 2006

All prices based as follows: Vat Rate 4.8%; Fat 3.60% Protein 3.30% and SCC 249,999, TBC 24,999. Every other day collection with Annual Milk Supply 350,000 Litres.

Creamery	Country	April 06 c/l	April 05 c/l	April 06 v. April 05 Price diff	Rolling Avg Last 12 mts
▶ HameenLinnano					
Arla	Finland	29.25	29.31	-0.06	35.70
Humana	Denmark	27.22	28.00	-0.78	29.14
Milcobel	Germany	26.77	25.30	+1.47	27.45
Nordmilch	Belgium	26.60	28.40	-1.80	28.40
Lactalis	Germany	26.35	26.85	-0.50	27.70
Bongrain	France	26.12	28.81	-2.49	29.37
Danone	France	26.10	30.00	-3.90	29.42
Campina	France	26.76	28.96	-4.00	29.37
Friesland	NL	24.11	25.05	-0.94	28.71
First Milk	NL	23.91	27.60	-2.69	28.71
USA	UK	23.57	24.52	-0.95	25.42
Fonterra	US	22.10	28.00	-5.90	26.95
	NZ	15.35	18.55	-3.20	17.20
▶ HameenLinnano replaced Kymppi for Finland					

* Rolling avg. is weighted avg. for each month which inc. bonus payments.
* Based on payout forecast of Fonterra. Based on Class III US price
All figures based on original date from the Dutch Dairy Board
More information available at www.milkprices.nl