

Wet weather gives small North Cork co-op the advantage

COMPILED BY
THE IRISH FARMERS
JOURNAL TEAM

BOHERBUE tops the June milk league having paid suppliers 32.00 c/l excluding VAT for June milk. This milk price includes a bad weather bonus of 1c/litre paid to all suppliers due the very wet weather. As most will know,

the land around the Boherbue co-op area is particularly heavy and many farmers in the area were forced to house cows for periods during the very heavy rain.

Boherbue are out on their own at 32c/litre. Next in line and top of Division 2 are Dairygold who paid 31.3 c/l for June milk.

This is a strong performance from the Cork based

co-op relative to some of the other big players. Dairygold were also top of Division 2 for May. Glanbia are a full half-cent per litre behind Dairygold for June. The other big plc Kerry look to be protecting their share price in the current index turmoil and are paying almost 1 cent per litre behind Dairygold.

The trend so far this year is that the specialist cheese pro-

ducing co-ops have struggled to pay farmers the best on milk price. June is no different.

In Division 3 paying less than 32.00 c/l are Tipperary, Newmarket and Bandon. Bandon continue to pay less than the other 3 West Cork co-ops paying 0.55 c/litre less than the average of the 3 other West Cork co-ops supplying into

Ballineen.

What is most disappointing in the June league is that commodity producers like Monaghan and Lakeland have failed to match their Southern counterparts.

Both Monaghan and Lakeland paid exactly the same 30.42 c/l excl VAT. I suggest that farmers supplying these co-ops might be looking for a bad weather bonus of 2 c/l to

match the Boherbue price. After all some of the land around Ballinborough and Stranouden is not too unlike the Boherbue region.

Wexford milk price continues to lag well behind the pack but as British cheese prices have improved substantially in the last number of weeks Wexford milk price should rise dramatically in the coming months.

We would need to see big players like Kerry and Glanbia pay back a decent percentage of price gain delivered on world markets. It is high time that milk suppliers enjoyed like the September sun a better milk price.

Glanbia's recent press release makes very disappointing reading and might need to be reviewed upwards. They have announced a milk price of 33.9 c/l ex VAT for milk supplied in August and September. This is a far cry from the IFA call for 35c/litre ex-

in prices as some traders would have us believe. Supermarkets will have to realise that the days of below cost milk products are over and processors must extract the true prices of all these products from them. As we are seeing in England, milk will not be produced especially when the energy option will give farmers alternatives.

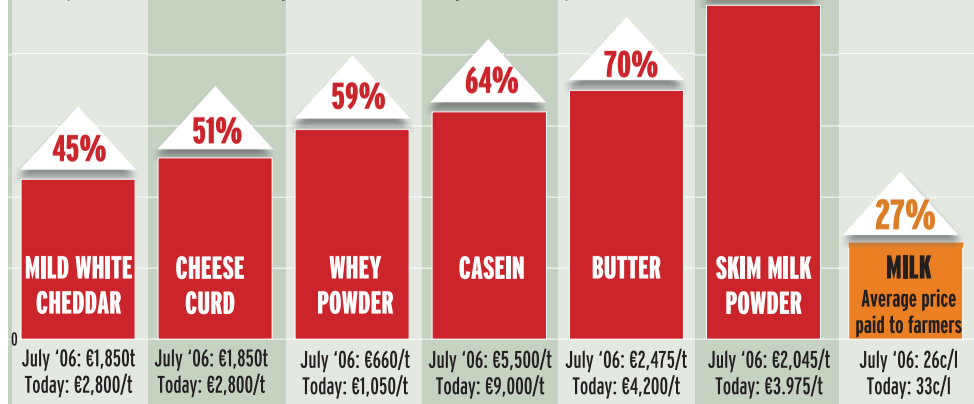
Milk prices continue to rise in NZ where Henry Van Der Hayden chairman of Fonterra has announced a payout of \$6.40/oz for this year.

Where have all the increases gone?

The price of SMP has increased by 94% as shown in bar chart since July 06 and butter prices have shot up by 70%. Co-ops manufacturing these products could pay 47c/l. The increases in price of all the cheese products have already increased by 45% in the case of cheddar, with casein up by 64% and worries about supplies later this year will drive these prices higher.

However, this is not a spike

Price increase in different commodities since July 2006 compared to the average rise in farm gate milk price



Milk to fuel our sporting heroes

I was looking at the World Athletic Championships in Osaka this week and I asked myself the question were they drinking Powerade or wholesome milk.

Bravo, the US drinks specialists are about to launch a new exciting range of milk based sports and energy drinks. This is another attempt to expand the dairy sector into traditional soft drink territory.

According to reports in the US there is a growing body of scientific and empirical evidence that suggests chocolate milk can play an important role in post exercise recovery and re-hydration. It contains coQ-10 and vitamin B to provide quick and long-lasting energy. This chocolate milk is set to compete with expensive isotonic drinks such as Powerade and Gatorade.

BST withdrawal cut US production

DAIRY Farmers of America (DFA) one of largest processors in the US will refuse to collect milk from farms where the synthetic hormone BST is used after February 2008. Kroger, the third largest food retailer, has joined the growing number of retailers and fast food outlets in the US that will certify synthetic BST free products to consumers.

This follows Starbucks and Chipotle withdrawal earlier this year and looks as if all milk products sold in the US after Feb 08 will be BST free. This will cut US milk supply by 2% and keep an upward pressure on US milk prices as stocks of cheese and all the milk commodities are at an all time low.

This trend should underpin the talking down by some commentators about the US market. BST is a synthetic hormone that is fed to cows to increase per cow milk production by 10 to 15% per lactation

New Zealand

AS reported last week Fonterra the large New Zealand co-op have announced a new payout forecast of \$6.40/kg (23c/l) milk solids for the 2007/8 season. Fonterra Chairman, Henry van der Heyden, attributed the rise to the continued strength in commodity prices, particularly recent increases in butter and cheese and ongoing firm prices for milkpowders.

Calving is just coming to an end in New Zealand. The final payout for the 2006/7 season for co-ops in New Zealand has also been decided. Fonterra came in second place behind the specialist producer Westland. Westland paid \$4.62/kg (16.5c/l) milk solids with Fonterra paying \$4.46/kg (16c/l) milk solids. Tatua was further back at \$4.10/kg (14.7c/l) MS. The rise in forecasted payout shows the massive jump in commodity prices (butter, powders etc) this year the difference between last years final payout and the forecast price is a huge \$1.80/kg (6.5c/l) MS.

Time lag in rising milk price

PRICES paid to milk producers in NI for June milk were up by just 1.5 to 2.2 cent per litre over the May prices. These increases appear to be far behind the price surge seen at the auctions of milk by United Dairy Farmers but in fact the related spot auctions for May and June milk only produced a price rise of 1.22p/l (1.8cent/litre).

The auctions are held on the first Thursday each month and forward sell milk for the following three

months. The spot auction on 3 May sold milk for June delivery at an average of 21.26pence/litre (31cent/litre). It was milk sold on the three month contracts for June, July and August delivery that was showing signs of the market surge, with an average of 23.16p/l (34 cent/l) paid at the May auction. That was up by almost 3p/l (4.5c/l) on the previous auction's May/June/July contract.

Further rises of 3p/l occurred at each of the next

JUNE 2007 Milk Price League (see explanatory notes)

	Cash price (c/l) ex VAT	Cash price (c/l)	Collection charge (c/l)	Average co-op b/f %	Average co-op pro %	€cents paid for each 0.1% butterfat	€cents paid for each 0.1% protein	Average co-op price on avg b/f&p	Ranking based on avg fat & pro
DIVISION 1 OVER 33.0 C/L									
Boherbue	32.00	33.66	0	3.76	3.26	0.44	0.485	33.15	1
DIVISION 2 OVER 32.0 C/L									
Dairygold	31.31	32.94	0	3.62	3.23	0.281	0.633	32.24	2
Centenary									
Thurles Co-op	31.23	32.85	0	3.65	3.23	0.2	0.5	32.18	3
Drinagh Co-op	30.82	32.42	0.4	3.60	3.27	0.4	0.54	31.52	9
Glanbia	30.80	32.40	0	3.70	3.27	0.32	0.59	32.09	5
Oldcastle Co-op	30.80	32.40	0	3.72	3.25	0.3175	0.587	32.14	4
Connacht Gold	30.76	32.36	0	3.71	3.25	0.3	0.67	32.02	6
Lisavaird Co-op	30.71	32.31	0.28	3.61	3.34	0.36	0.58	31.97	7
Barryroe Co-op	30.68	32.28	0.28	3.54	3.25	0.29	0.47	31.26	11
North Cork	30.64	32.23	0	3.58	3.16	0.3	0.4	31.19	12
Arrabawn	30.42	32.01	0.5	3.71	3.22	0.25	0.55	31.00	15
Kerry Group	30.42	32.00	0	3.64	3.22	0.295	0.59	31.37	10
Lakeland Dairies	30.42	32.00	0.39	3.65	3.20	0.22	0.51	30.93	16
Monaghan Co-op	30.42	32.00	0.4	3.61	3.16	0.32	0.48	30.59	17
DIVISION 3 OVER 31 C/L									
Newmarket	30.25	31.82	0	3.65	3.25	0.408	0.446	31.80	8
Tipperary Co-op	30.21	31.78	0	3.63	3.22	0.25	0.56	31.09	13
Bandon Co-op	30.18	31.75	0	3.56	3.26	0.42	0.46	31.08	14
DIVISION 4 UNDER 30 C/L									
Wexford	28.00	29.46	0	3.65	3.30	0.32	0.59	29.29	18

Danish quota hold up

MILK quota prices have soared to a record 63c per kg, (€2.95/g) in Denmark's latest quota exchange.

BALANCE

In spite of the fact that the value of quotas may be affected by the health check in 2008 and phased out by 2015. Peder Philipp, Chairman of the Danish Cattle Federation said: "It is a matter of balancing your operation.

"With interest rate and feed prices going up and meat prices falling, you are forced to react and to take a look at productivity, capacity and the possibility of expansion.

Note on 'Excluding VAT'

This week in the June Milk League we have introduced a column showing the milk price paid to farmers excluding VAT. All prices quoted in commentary from now on will be cash prices excluding VAT.

Explanatory notes for tables

The cash price is as follows:

- No volume conditions;
- 3.60% butterfat;
- 3.30% protein;
- Protein bonus not included;
- SCC 400,000;
- TBC 50,000;
- Dairy board and state levies at rate deducted by

creameries;

- Connacht Gold based on A+B-C transport charge.
- Oldcastle pay a 2.4c/l no conditions bonus to spring producers in April.
- Includes SCC bonus for under 200,000.
- The Boherbue price for June includes a 1c/l 'bad weather bonus'



NewWorld NewOrder NewAgri-FoodSector

ASA National Conference 2007
Knightsbrook Hotel, Trim, Co. Meath
Friday 14th September 2007

Farmer and Industry Forum
Hear four of Ireland's top commercial farmers.
Plus a panel of leading executives and spokespersons - John Keogh, Irish Dairy Board; Padraig Walshe, IFA; John McGrath, Dawn Farm Foods; Cormac Healy, MII; Aidan Connolly, Alltech; Ailish Byrne, Ulster Bank ... and more

Speakers
Mary Coughlan, Minister for Agriculture, Fisheries and Food;
Owen Killian, Chief Executive IAWS;
John Moloney, Chief Executive Glanbia;
Prof Paddy Cunningham, Government Chief Scientific Adviser;
Rosario Bento Pais, Commissioner Fischer Boel's Cabinet;
Neil Parish, Chairman, European Parliament Agr Committee;
Prof Michael Gibney, UCD.

Book Now! Contact ASA at 01 4603682, email: secretary@asaireland.ie

Conference Partners 

ASA Banquet

Thursday 13 September at 7.30pm

Guest speaker Professor Patrick Wall

Conference Sponsors





June 2007 Northern Ireland milk league

Milk buyer	Price (litre) net of transport	Transport charge (55,000)	Price litre plus 5.2% VAT (55,000)	Price in € 5.2% VAT	Ranking	Estimated share of total milk %
Town of Monaghan	19.39	0.47	20.40	30.22	1	19
Lakeland Dairies	19.35	0.22	20.36	30.16	2	14
Donegal Creameries	19.27	0.57	20.27	30.03	3	3
Glanbia Cheese	19.01	0.58	20.00	29.63	4	5
Glanbia Milk	19.01	0.36	20.00	29.63	4	3
United Dairy Farmers	18.49	0.56	19.46	28.82	6	56

Footnote: Base price increases in June 2007 over May 2007 were as follows United Dairy Farmers up 1.5 Sterling pence a litre for the second month in succession. All others up 1 penny Sterling, except Glanbia Milk who are up 0.85p Sterling