

November 2007 Milk Price League (see explanatory notes, below)

Creamery	Cash price (c/l) excl VAT and Transport	Collection charge (c/l)	Avg Coop Butter Fat %	Avg Coop Protein %	B/F diff per each 0.10%	Protein diff per each 0.10%	Average Creamery price using co-op fat (c/l)	Ranking on Avg Cr Fat & Protein minus VAT
DIVISION 1 OVER 37.0 C/LITRE								
Thurles Co-op	37.30		4.35	3.71	0.20	0.50	42.97	13
Monaghan Co-op	37.29	0.4	3.97	3.34	0.40	0.60	41.04	19
Dairygold	37.08		4.43	3.77	0.32	0.78	45.69	3
DIVISION 2 OVER 36.5 C/LITRE								
Drinagh Co-op	36.98	0.4	4.24	3.65	0.45	0.74	44.66	5
Bandon Co-op	36.98		4.22	3.64	0.50	0.55	44.13	8
Wexford	36.95		4.32	3.64	0.45	0.64	44.45	6
Kerry Group	36.91		4.36	3.79	0.35	0.70	45.24	4
North Cork	36.87		4.47	3.77	0.40	0.30	43.93	9
Boherbue	36.87		4.52	3.82	0.51	0.55	46.73	1
Barryroe Co-op	36.80	0.28	4.16	3.57	0.29	0.47	41.76	17
Lisavaird Co-op	36.79	0.28	4.27	3.66	0.41	0.67	44.13	7
Newmarket	36.77		4.46	3.79	0.50	0.55	46.07	2
Lakeland Dairies	36.70	0.39	4.22	3.55	0.29	0.63	42.17	14
Glanbia	36.66		4.20	3.70	0.38	0.70	43.91	10
Oldcastle Co-op	36.63		4.30	3.63	0.38	0.70	43.79	12
Tipperary Co-op	36.57	0	4.38	3.70	0.14	0.56	41.98	15
DIVISION 3 UNDER 36.5 C/LITRE								
Arrabawn	36.30	0.5	4.31	3.66	0.40	0.69	43.79	11
Connacht Gold	35.78		4.18	3.54	0.37	0.80	41.92	16
Donegal	35.66	1.3	4.15	3.46	0.50	0.55	41.34	18

Centenary/Thurles takes first place

CENTENARY/THURLES takes first prize in November with a price of 37.3c/l plus Vat.

This is followed closely by Mona-

ghan at 37.29c/l, with Dairygold in third place to finish Division 1 with 37.08c/l. Drinagh tops the second Division players setting a price of 36.99c/l,

followed by Bandon.

Connacht Gold and Donegal fall into the relegation zone paying less than 36c/l. (see notes, right)

Farmers hope that there was as much forward selling for 2008 as 2007

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IRISH FARMERS JOURNAL

BUTTER sales are difficult with some build up of stock, and buyers of skim seem to be holding back their purchases in the hope that prices will weaken further even though world demand is still higher than production.

Butter prices dropped again this week by €150/ton and skim milk powder by €400. This will bring down the price paid by IDB to processors from a high of 50c/l at 3.6BF and 3.6P in September to 34c/l.

The extra margins retained by Co-ops last year may be used now to hold milk prices for this correction in the

commodity markets.

The price for whole milk powder is holding better and cheese is selling well in the new developing markets. Perhaps we should be sending more salesmen to China.

In Ireland last year milk prices for cheese rose more slowly than commodity prices, but should remain robust as cheese sales are

improving and prices holding.

We were also told that milk prices couldn't rise last year as quickly as SMP and Butter because of all that was sold the forward market.

It will be important that the same rules apply this year to bridge over falling prices in these products in the short term.

NI prices come off their peak

United Dairy Farmers, the main milk producer co-op in Northern Ireland, was well clear at the top of our Northern price league for November.

This was despite United dropping by half a penny per litre from their October base price and all of the other buyers maintained their base prices of the previous month.

It was United's fourth consecutive month on top, reflecting the strong milk auction prices.

The auction results could have translated into a higher price for November, but United's management seems to have held something back for coming months.

That has been done in the light of the much weaker market that was apparent in

their December auction price (down by 6pence/litre or 9cent/l on the previous month).

The euro exchange rate against sterling strengthened by 2.3% in November, compared to October.

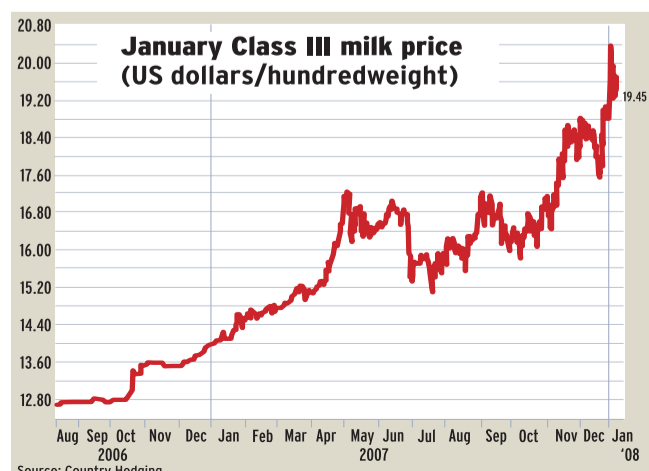
That's minor compared to more recent strengthening but it was enough to reduce the Northern prices in euro terms to the extent that it put Glanbia Milk and Glanbia Cheese payments below 40cent/litre even after the addition of the South's 5.2% VAT to the Northern prices.

That was at 71.11 pence sterling equal to one euro. Last week saw it go over 75pence to the euro, which cuts another 5% off Northern prices in euro terms.

November 2007 Northern Ireland milk league

Milk buyer	Price/l net of transport Stg pence	Price/l excluding VAT Euro cent	Price/litre including 5.2% VAT Euro cent	Estimated share of total milk (%)
United Dairy Farmers	28.85	40.58	42.69	56
Donegal Creameries	27.52	38.70	40.71	3
Lakeland Dairies	27.35	38.46	40.46	14
Town of Monaghan	27.18	38.22	40.21	19
Glanbia Milk	26.94	37.88	39.85	3
Glanbia Cheese	26.81	37.70	39.66	5

* Prices for milk with 3.6% fat, 3.3% protein, SCC of 400,000 and TBC of 50,000 For a 250,000 litres supplier collected on alternate days; Converted at 1€ = 71.11p Stg
Notes: The November base prices for each company were unchanged compared to October except for United Dairy Farmers whose base price was reduced by 0.5p/litre from its October level. However, United maintains its top spot in the league and the other positions are the same as in October. In Euro terms, the value of the Euro strengthened significantly in November by 2.3% compared to October. This gives lower prices in Euros and pushed the "VAT included" Glanbia Milk and Glanbia Cheese prices to below the 40 cent mark per litre mark.



Explanatory foot notes

- Milk collected ex farm.
- Cash price is as follows — No volume conditions, 3.6% butterfat and 3.3% protein.
- SCC 400,000.
- TBC 50,000.
- Levies for Dairy Board and state levies at rate deducted by co-op.
- Bandon, Barryroe, Lisavaird, and Drinagh also pay 0.2c/l for under 200,000 SCC.
- Average co-op price based on co-op average butterfat and protein %.
- Wexford pays a conditional winter bonus of 8.14c/l based

on % supply between Oct and Feb.

• Glanbia pays a conditional bonus of 6.54c/l, based on off-peak bonus.

• Connacht Gold comes near the bottom of the league, when ranked on cash price excluding VAT and transport.

It is clear if you have good fat and protein, and supply Connacht Gold, you will get a much better price. CG are the only co-op so far to pay on the recommended A+B-C payment system.

Britain

Reading reports from MDC DATUM, I see that Ireland paid top price in EU for milk in Sept 2007. This is from coming 13th in the same period in 2006.

Industry commentators in Britain are suggesting that commodity markets especially skim milk powder should improve in the first few months in 2008 and milk prices can be maintained.

India is still the world's largest milk producer last year, leaving US in second place. India's production grew by 4.2% as against the rest of the world at 1%. China's milk production is estimated to grow by 12%, but cheese consumption is set to grow by 30%. Milk supply in Britain was down 2.8%.

World milk consumption is growing at almost 3%.

US milk price hardens

MILK prices in the US continue to rise with both futures and spot prices showing gains well into 2008. Class 111 milk which is milk for cheese production and is also where all prices are based (see graph on the left) is quoted on JAN 3 at \$19.63/100lbs (28.68c/l).

Corn prices are also rising. This means that there will be no cheap milk produced in the US in the foreseeable future.

Saudi Arabia decides that water worth more than oil

In an effort to save its valuable water supply the government is abandoning a thirty-year programme of wheat growing. It takes between 1,300-1,500 cubic metres (81,000- 94,000) gallons of water to produce a ton of wheat. A compensation package enabling wheat farmers to change to livestock feeds or direct subsidy won't be any problem with the oil price at an all time high.

Looking at the Campina / Fries land merger proposal, I see from Barry Wilson's DIN that it was the initiative of the chairmen of the two groups and not the executives who masterminded the planned coming together.

Maybe Jack Kennedy (when he has his analysis of the survey completed) will start a league here to see which of the Irish chairmen will come first to rationalise our antiquated processing industry.