

January 2008 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
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DIVISION 1 OVER 37C/LITRE

Barryroe	37.66		3.92	3.26	0.29	0.47	38.4	7
Drinagh	37.49		3.87	3.23	0.45	0.74	38.19	8
Bandon	37.41		3.94	3.24	0.50	0.55	38.78	3
Lisavaird	37.30		3.91	3.31	0.41	0.67	38.63	6
Monaghan	37.29		3.50	3.10	0.40	0.60	35.69	17
Centenary/Thurles	37.09		3.95	3.26	0.20	0.50	37.59	11
Dairygold	37.08		4.04	3.33	0.32	0.78	38.74	4
Wexford	37.05		4.12	3.41	0.51	0.55	40.09	2

DIVISION 2 OVER 36C/LITRE

Kerry	36.91		3.91	3.31	0.36	0.72	38.1	10
Boherbue	36.90		4.12	3.41	0.51	0.55	40.16	1
Newmarket	36.77		3.93	3.35	0.50	0.55	38.71	5
Lakeland Dairies	36.70		3.96	3.24	0.29	0.63	37.37	12
Oldcastle Co-op	36.63		3.93	3.20	0.38	0.70	37.18	13
Glanbia	36.63		3.84	3.24	0.38	0.70	37.12	15
Arrabawn	36.30		3.85	3.18	0.40	0.69	36.47	14

DIVISION 3 UNDER 36C/LITRE

Connacht Gold	35.75		3.98	3.30	0.37	0.79	39.09	14
Donegal	35.66		4.08	3.32	0.50	0.55	40.18	9

West Cork lead the way

JOHN BOYLAN
IRISH FARMERS JOURNAL

IT is a tribute to the efficiency and marketing policy of the Carbury plant that the four West Cork co-ops led by Barryroe capture first four places in the league in January.

Or perhaps it is the ethanol manufactured in Carbury that is linked to the price of the barrel of oil which is giving them the edge that puts them top of the table.

Their creameries lead the field with Barryroe paying 37.66c/l plus vat, Drinagh paid 37.49c/l, Bandon with 37.40c/l and Lisavaird paying 37.29c/l.

These are followed closely by Monaghan who is paying 37.29c/l, Centenary/Thurles paying 37.09c/l, Dairygold with 37.08c/l and Dairygold at 37.05c/l.

Kerry tops the second division paying a price of 36.91c/l,

with Boherbue on its heels at 36.91c/l. Boherbue are top of the average creamery price at 40.16c/l. This reflects the high constituents of Boherbue suppliers.

Donegal where all information is kept locked away from their suppliers comes in for relegation even though their high level of butter fat brings up their creamery average price to second paying 40.15c/l this month.

Glanbia to hold March price

The board of Glanbia decided to hold the milk price at 37c/l for March and its MD John Maloney sees milk price in Ireland a "bit ahead" of 2007 prices with a minimum of 32-33c/l likely to be paid this year.

EARLING CALVING BONUS

They are also going to introduce a 4c/l early calving

bonus for January and February 2009. This will help to spread their peak to trough ratio while expanding in future.

It will also help to supply their growing fresh product market. Glanbia's revenue was up 19% to €2.2bn and operating profit up by 35% to €115.8m. The Irish operation performed much better than their joint ventures in the US because they were able to pass on the increased costs much faster here.

It's not surprising that the IFA claim that Co-ops can easily afford to pay more.

Price volatility

Today it is cheese and fresh products that are holding their prices while butter and powder is harder to sell.

The co-ops producing the broadest range of products that have the ability to switch product to match the market price fluctuations will be the

winners in future.

This will create a climate for rationalisation more rapidly than is envisaged at present. The difference in product range between Glanbia and Lakeland may become very noticeable this year.

Irish Dairy Board

THE Irish Dairy Board is overweight in stocks at present. More product should have been sold last autumn when prices were buoyant. This seems to be a strange time for the Irish Dairy Board to stop publishing their on account prices, the more volatile the market the more important it is to have visibility.

Will this cause distortions for Wyatts and Abbots who based their price on the published price? This is a time for openness and transparency not a time for rumour and scaremongering.

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.

Increased milk supply in EU

THERE is a major increase in milk supply in France especially Brittany and Normandy.

The first week in March saw an increase of 9.4% year on year. This increase together with decreases in consumption in Germany has put pressure on processing capacity in some areas, and directing more milk into the basic commodities.

This is creating a surplus of Cheese, Butter and SMP on the European market, which is putting price pressure on Irish Exporters to Europe and North Africa.

Whereas there is strong confidence in the market, increased supplies and the weak dollar is making the US a major force in all export markets where they will continue to expand until their production costs slows them down.

Production continues to rise

US farmers have increased milk production from 154 billion pounds (70 billion litres) in 1996 to over 190 billion pounds (86 billion litres) in 2008 or 1.5 billion per year.

This is a 2% rise per year same % as the new EU with 65 billion litres or 1.3 billion litres per year increase in quota. Will the sellers of the EU be able to compete in the market place with US having the benefit of the weaker dollar.

NZ feed shortage

Farmers in Ireland do not really understand feed shortages. Because of the drought in Waikato a bale of silage is making NZ\$ 250 (€130). The bigger problem is that it is not even available.

IFA puts difference at €5,000 loss of income between highest and lowest co-op

A supplier to Wexford with a quota of 300,000 litres (66,000) would have lost almost €5,000

in comparison to a Barryroe supplier in 2007.

The top four co-ops were

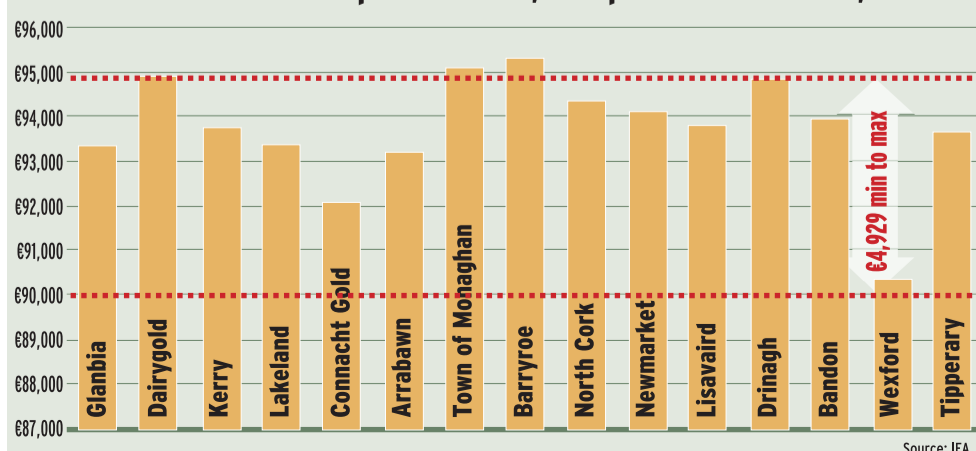
Barryroe, Monaghan, Dairygold and Drinagh, (see chart below, by Catherine Lascu-

ettes IFA), and at the bottom were Wexford, Connacht Gold, Arrabawn, Lakeland and Glanbia.

The price was also weighted each month on the national milk production curve. The delay in the cheese price increase in 2007 leaves Wexford's price looking pretty bad, but they are finding their way back to winning ways in 2008 where the cheese price is holding better than the other commodities.

Dairygold suppliers were paid €1,700 more than Glanbia suppliers. The Corkmen are either better at sales, more cost effective or don't have to worry about their share price.

Effect of different milk prices on 300,000l producer's turnover, 2007



Source: IFA