

# Connacht Gold retains top spot

## Glanbia and Dairygold are first for Sep-Oct average



**JOHN BOYLAN**  
IRISH FARMERS JOURNAL

CONNACHT Gold holds on to top position in the twelve month rolling average with a price of 33.46 c/l plus vat. Clona comes second paying a

milk price of 32.05 c/l, with Glanbia and Dairygold, who are paying top milk price for the Sep-Oct period completing division 1.

Centenary Thurles are paying 31.94 c/l to top division two.

Monaghan follows them with a price of 30.97 c/l, Kerry at 30.92 with Arrabawn and Wexford rounding off the second division paying 30.87 c/l and 30.06 c/l respectively.

Donegal's low summer price has kept them at the bottom averaging 29.53 c/l.

**Table 1: September/October liquid milk league**

Sep/Oct 2010	12-mth rolling average	September price	October price	Sep/Oct avg price	League position for average Sep/Oct	12-mth milk payment for average farmer supplying 230,000 litres
<b>DIVISION 1</b>						
Connacht Gold	33.46	29.72	34.20		5	€76,968.16
Clona Dawn	32.05	33.25	35.53		3	€73,725.73
Glanbia	32.00	34.62	34.62		1	€73,609.58
Dairygold	32.00	34.62	34.62		1	€73,608.82
<b>DIVISION 2</b>						
Centenary/Thurles	31.94	28.22	28.22		9	€73,468.52
Monaghan Co-op	30.97	31.14	35.04		5	€71,219.69
Kerry	30.92	28.36	28.36		8	€71,112.17
Arrabawn	30.87	28.23	31.20		7	€71,007.33
Wexford	30.06	29.52	37.08		4	€69,134.36
<b>DIVISION 3</b>						
Donegal	29.53	28.87	34.86		6	€67,908.65

## UK milk production

AT the DairyCo Milk Production Forecast 2011 the farm consultants highlighted that milk production levels, which are currently running at 4% ahead of the same period last year for the first eight months to November, were attributed to one-off windfall of exceptionally good milk producing conditions throughout the summer and autumn.

They predict production levels to fall back through the remaining four months of this quota year because of escalating costs causing tighter cashflow than previous years.

Milk production is projected to reach 13.1 to 13.2 billion litres, an increase of 2-3% on the previous year and similar to production levels in 2007/08 unless this

stormy weather persists leading to less milk being produced across the country.

Looking ahead to next year the consultants felt that milk production levels will be largely constrained by calving patterns already in place in 2010.

Cow and heifer condition together with weather conditions next spring and summer will be the other factors along with milk price will determine next year's production.

### UK CREAM MARKET

According to YouGov market research, the UK cream market was worth £219 million in 2009, which represents a 2% increase on the previous year.

Growth is expected to continue in 2010 with the market

forecast to increase by 2.3% to £224 million.

Double cream is the biggest segment, accounting for over 40% of sales. However, it is the healthier option, crème fraîche that is seeing the strongest sales growth within this sector.

Recent innovation has seen the launch of healthy products such as Weight Watchers Reduced Fat Thick Cream as well as indulgent products such as Tesco Finest Really Thick Belgian Chocolate Li-queur Channel Island Cream.

DairyCo calculates that the cream income to processors has increased by 1.87ppl (2.25 c/l) or 30% since the beginning of 2010, with liquid milk processors earning an average of 8.17ppl (9.8 c/l) for cream produced as a by-product in November 2010.

## Russia to import more dairy

INDUSTRY sources suggest some of the world's largest importing countries are likely to continue importing substantial amounts of dairy products for a number of years.

In Russia, one of the

world's largest importers of cheese and butter, the heat wave and drought has meant that milk output is set to fall by 2% in 2010 and even drop further in 2011, according to the USDA (US Department of Agriculture).

As a result, cheese imports are already up by 25% to 210,000 tonnes for the first nine months of this year and even higher imports of cheese, WMP and SMP are being forecast for the next year.

## Dairy markets

PRICES of all dairy products with the exception of butter are continuing their upward trend. The Dutch Dairy Board quotes for WMP and SMP are up by €40 per tonne to €2,720 and €2,130 from last week. Whey is up by €30 per tonne to €720.

**Table 2: Dutch Dairy Board**

	08/12/2010	01/12/2010
Butter	€3,600	€3,610
WMP	€2,720	€2,680
SMP	€2,130	€2,090
Whey Powder	€720	€690

Butter prices are down by €10 per to €3,600 but since this price is much lower than the price of €4,045 for AMF (in-

dustrial butter) at the Fonterra auction, the butter price should rise in the next year (see Table 2 & 3).

**Table 3: Fonterra auction AMF prices**

Anhydrous Milk Fat (AMF)	Contract 1 (Feb11)	Contract 2 (Mar11-May11)	Contract 3 (Jun11-Aug11)
Winning Prices (USD/MT, FAS)			
Regular 210kg drum - NZ	5,280	5,295	5,395
Premium 210kg drum - NZ	5,380	5,370	5,470
Premium 1000kg bin - NZ	5,380	5,395	5,495
Average Price (USD/MT FAS)	5,308	5,314	5,440
Change in gDT-AMF price from previous Event	0.0%	0.0%	1.9%

### FOOT NOTES

- The Liquid milk league first column is based on the rolling average of each Coop for the past 12 months.
- The format takes into account the higher winter prices for shorter periods that some processors use, and vice versa.
- Prices quoted are for milk

- supplied to fill liquid quota.
- Prices are all vat exclusive.
- Compulsory Levies and any transport charges have been deducted.
- Minimum hygiene requirements: 50,000 TBC, and 400,000 SCC.
- September and October prices are listed in the next

- two columns and their position for the combined two months is ranked in column headed League position.
- The last column shows the yearly payment made by each processor in Euros for the full year for the average farmer with a quota of 230,000 litres.

## PepsiCo buys into Russian dairy market

PEPSICO'S plan to acquire a 66% share in Wimm-Dann dairy and Juice Company for \$5.4 billion is proof of where the corporate world sees dairy growth in emerging markets. Wimm-Dann is a leading manufacturer of healthy food and beverage products in Russia, who themselves have just bought Moloko Isikulya, one of the fastest growing dairy producers in the Omsk region of Siberia.

The dairy market in Russia has grown at a rate of 22% per annum since 2006 as con-

tinued economic growth creates a growing middle class with a higher demand for dairy products.

This is a big story for American-Russian relations, being the biggest investment by a US company in Russia.

PepsiCo sees dairy products as having huge potential to bridge the snacks and beverage markets with breakfast bars and dairy drinks.

The deal will take PepsiCo's annual global revenues from nutritious and functional foods to nearly \$13 billion per year, taking it a step

closer to its \$30 billion target by 2020.

PepsiCo's CFO, Hugh Johnston said, "Dairy with its calcium and protein content and functional benefits for gut and bone health is a key lever for exploiting the potential of health and wellness in all age groups."

With over \$5 billion in revenue in Russia, PepsiCo will become twice as large as its nearest food and drink rival in that country. They also intend to increase their strength in Eastern Europe and Central Asian markets.

## Price of corn killing US farmers

THE growth in milk production is bound to slow in the months ahead. Much higher feed prices and lower milk prices will make margins over feed costs impossible.

Class 111 milk prices peaked in October at \$19.94 (28 c/l) but whereas the situation will not be as bad as 2009 and early 2010, it is likely to slow the increase in milk per cow and will encourage more culling of milk cows as well as sell outs of dairy herds, particularly in early 2011.

Although most dairymen have tried to shrink their debt by lowering the number of cows they milk. 14% of

dairy producers in California went out of business in 2009 and that number is likely to go up in 2010.

Michael Marsh, chief executive officer of Western United Dairymen, a voluntary membership organisation which represents more than 60% of milk produced in California, said the price paid for milk is not that bad. It's the cost of feed that's killing producers.

If the feed costs were somewhere near normal, most producers would get a margin.

Dairy producers had about three months of solid prices that lasted to the end of

October. Producers were covering costs during that period but were unable to lower the debt that was created during the trough in milk prices and are facing back into deficit.

Western United Dairymen are blaming the subsidies on ethanol production for their woes. It is driving up the corn price as more corn is diverted into the production of ethanol. They are pushing for an end of the subsidy, which runs out on December 31st this year.

Subsidizing ethanol is part of the problem as it raises the price of food for American people.

# Fonterra and Nestlé plan to extend DPA into Chile

FONTERRA'S subsidiary Soprole and Nestlé Chile plan to expand their joint venture company Dairy Partners Americas (DPA) into Chile. DPA already operates in most of the Central and South Americas. Since it was formed in 2002, DPA has grown dairy consumption, as well as local milk production in Brazil, Ecuador, Venezuela, Colombia and Argentina. They are looking to increase dairy consumption and drive higher milk production in Chile.

The joint venture includes the manufacturing, retailing and distribution of liquid milks, yogurts, desserts, fruit juices, cheese, cream, and butter in Chile. They have a sales target of NZ \$ 770 million per year with a large proportion of the products coming from Soprole's business.

If all the planning and regulatory processes go through smoothly the business will be up and running in 2012.

Meanwhile in Switzerland Nestlé's CEO Roland Decorvet has threatened to move all production out of Switzer-

land because of the strength of the Swiss Franc and the reduction of subsidies on butter and other raw materials.

**NZ ECONOMIC REPORT**  
An independent report by the New Zealand Institute of Economic Research shows money from milk flows right through the economy, starting at the farm gate and moving right through rural and urban communities.

It is a pity that the two Brian's didn't have this report and they could have spoken about stimulating the economy here.

The report shows:

- Dairy provides 26% of NZ exports
- A NZ \$1 rise in milk payout makes every New Zealander \$300 better off.
- Dairy farmers spent around 50c in every dollar they received on locally produced goods and services.
- Every tonne of dairy exports helps reduce the current deficit, bringing down interest rates and reducing mortgage payments for homeowners.
- Dairying employs 35,000 workers directly plus a further 10,000 contractors.

The dairy industry has helped take NZ out of the recession and the benefits extend well beyond the farm gate. Export growth from the dairy sector has helped narrow the current deficit and that helps everyone through lower interest rates.

The influence extends well beyond its direct impact in dairying areas, with the sector linked with the rest of the economy.

The sector's strength has been very evident as New Zealand recovers from the financial crisis and domestic recession. Given the anaemic domestic demand, the export side of the economy has been relied on to generate economic growth and dairy has made a significant contribution.

## DRY SPRING

Perhaps the global warming has moved from here to New Zealand with temperatures there 0.3°C above the 1971-2000 average.

Northlands dry conditions are so dire the government has declared a medium-level drought.

It has been the driest spring on record in parts of

Northland and Auckland, while below normal rainfall was also recorded in Nelson, South Canterbury, Lakes District and parts of Otago and Fiordland.

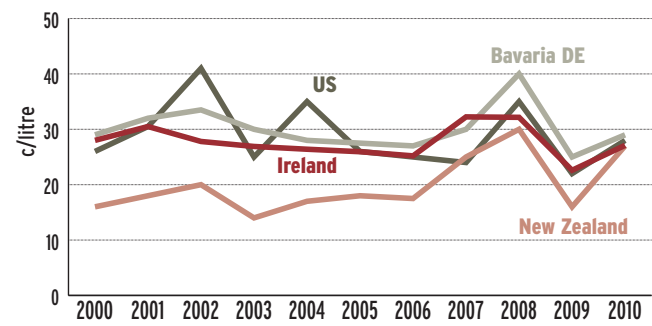
Anticyclones dominating NZ's climate during October and November, caused the record high according to the National Climate Summary for spring from the NIWA (National Institute of Water and Atmospheric) Research.

By the end of the spring, the dry conditions, elevated sunshine and above average temperatures has resulted in severe soil moisture deficits of more than 130 mm in many milk-producing areas.

If the rain does not come in substantial quantities before Christmas to restore moisture and restart growth milk supplies will decline substantially. Milk production across Northland was down by 5.61% in the past week compared with the same period last year.

However, NIWA is still predicting a high chance of higher than average rainfall during the second half of the summer because of the La Nina pattern.

**Figure 1**  
World milk prices 2000-2010



**Table 4: October 2010 NI milk league**

Milk buyer	Price/litre net of transport Stg pence	Price/litre excluding 5.2% VAT euro cent	Estimated share of total milk (%)
Town of Monaghan	25.12	29.35	20
Donegal Creameries	25.02	29.23	3
Lakeland Dairies	24.85	29.03	14
Glanbia Milk	24.39	28.50	2.5
Glanbia Cheese	23.82	27.83	5
United Dairy Farmers	23.72	27.72	55

\* 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 equals 82.20p sterling.

## United increase price

THERE was only one change in milk prices in the Northern Ireland milk league.

United Dairy Farmers increased their price by 1ppl (1.2 c/l) from September, but remain bottom of their league with a price of 27.72 c/l.

Monaghan top the league

paying 29.35 c/l, followed by Donegal and Lakeland paying 29.23 c/l and 29.03 respectively. Glanbia Milk paid 28.5 c/l with Glanbia Cheese at 27.73 c/l.

The Euro strengthened by 4% during the month and is converted at 0.8786.

# farmsafely.com

# FIBD

## Are the Buildings on Your Farm Safe?

Farm buildings must be maintained in a safe condition to ensure the safety of the users of the buildings and the buildings themselves. They should be inspected regularly and especially before and after extreme weather conditions. On foot of these inspections maintenance and repair work must be carried out as appropriate.

FBD, Teagasc and the HSA have produced a practical guidance booklet on safe farm building practices. The guidelines highlight the major building hazards and the practical preventive measures that need to be taken to prevent serious accidents and fatalities.

Falls from heights are the main cause of fatalities and serious injury when maintenance and repair work is being done.

**It is essential that every precaution is taken to ensure the safety of all persons working at height. It must be ensured that:**

- All work at height is properly planned, organised, supervised and carried out safely;
- The place where work at height is done is safe;
- All work at height takes account of weather conditions;
- Those involved in work at height are instructed and trained;

- Equipment for work at height is carefully selected and appropriately inspected;
- Give collective protection measures (e.g. guard rails) priority over personal protection measures (e.g. safety harnesses);
- The risks from fragile surfaces are properly controlled
- Injury from falling objects is prevented.

**When carrying out work at height always ensure that there is a safe means of access.**

- If a ladder is used ensure that it is in good condition, footed, secured at the top, and extends at least one meter above the roof access level.
- Use appropriate crawl or roof ladders and always have a system of fall prevention or fall protection in place.
- For more extensive work at height the use of scaffold or a cherry picker may be more appropriate.
- Never use the buckets or forks of lifting machines as a means of access to height.
- Complex and extensive work should be left to the specialist contractors.



Always Think  
Safety First!