

BEST YOUNG DAIRY FARMERS

The winner of this year's Best Young Dairy Farmer Competition, organised by United Dairy Farmers, is Chris Catherwood (centre) from Carrowdore. Chris received a cheque for £1,000 and wins a trip to the European Dairy Farmers Congress, to be held in Italy in June. The runner-up was Gordon Campbell from Ballymoney. Johnny Coleman from Doagh, Alan McConnell from Armagh and David Steele from Glenavy were also highly commended. Pictured with the winning young dairy farmers are the new chairman of United Dairy Farmers, John Dunlop (left) and Kevin Craig, director of business banking at Ulster Bank (sponsors).



12 month prices compared



JAMES CAMPBELL
NORTHERN EDITOR

Updates of our comparison of 12 month rolling average milk prices (Tables A and B) indicate that Fivemiletown Co-op remains on top for four of the six categories compared. For the May 2009 to April 2010 period, there is remarkably little between the prices paid by the different buyers in each of the categories compared.

The graphs indicate that the rolling average prices for the 12 months to April 2010 are very close to the rolling averages for the year to April 2009 in all cases except United Dairy Farmers.

Their latest rolling averages are more than a penny above the position a year ago. The other significant difference is the fact that the 12 month rolling averages currently are on the rise, though a year ago they were falling.

We can expect the current better returns to show through in higher rolling average prices this summer, and for as long as the good price levels persist.

It is certainly a much more heartening position than it was a year ago for dairy farmers.

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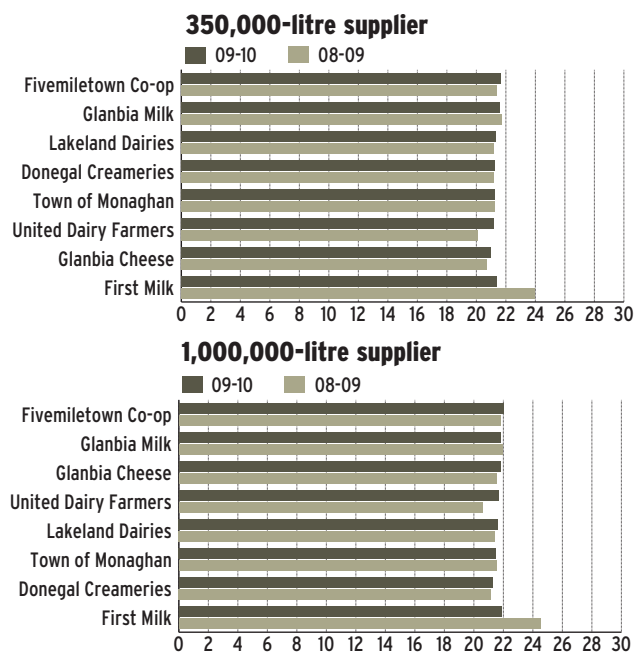


Ulster Bank

Northern Ireland Milk Price Comparison in association with Ulster Bank

12-month rolling average milk prices

May 2009 to April 2010 and May 2008 to April 2009 (p/litre) for average quality milk with average seasonality of supply, collected on alternate days



Milk prices rolling average: May 2009 to April 2010

Table A: 350,000 litres per year producer, alternate day collection

Milk buyer	Good quality	Rank	Average quality	Rank	Below average quality	Rank
Donegal	22.18	(6)	21.24	(4)	20.08	(2)
Fivemiletown	22.96	(1)	21.65	(1)	20.01	(3)
Glanbia Cheese	22.01	(7)	20.95	(7)	19.57	(7)
Glanbia Milk	22.84	(2)	21.60	(2)	19.87	(5)
Lakeland	22.23	(5)	21.35	(3)	19.93	(4)
Monaghan	22.25	(4)	21.22	(5)	19.76	(6)
United	22.46	(3)	21.20	(6)	20.11	(1)
First Milk			21.37			

Table B: 1,000,000 litres per year producer, alternate day collection

Milk buyer	Good quality	Rank	Average quality	Rank	Below average quality	Rank
Donegal	22.18	(7)	21.24	(7)	20.08	(5-)
Fivemiletown	23.33	(1)	22.03	(1)	20.39	(3)
Glanbia Cheese	22.85	(4)	21.79	(3)	20.41	(2)
Glanbia Milk	23.04	(2)	21.80	(2)	20.08	(5-)
Lakeland	22.50	(6)	21.63	(5)	20.20	(4)
Monaghan	22.52	(5)	21.49	(6)	20.03	(7)
United	22.92	(3)	21.67	(4)	20.57	(1)
First Milk			21.88			

Table 1: Milk qualities for April 2010

	Good	Average	Below Average
Butterfat	4.27	3.98	3.78
Protein	3.15	3.09	2.89
Lactose	5.08	4.85	4.70
TBC	under 10	11 to 20	26 to 50
SCC	under 100	101 to 200	201 to 400

Table 2: 350,000 litre producer

Net price (p/litre) for various milk qualities – assuming alternate day collection (brackets include ranking by price paid).

Milk buyer	Good Quality	Average Quality	Below Average
Donegal	25.76 (3)	24.83 (2)	23.69 (1)
Fivemiletown	24.11 (7)	23.07 (7)	21.62 (7)
Glanbia Cheese	25.53 (4)	24.51 (5)	23.17 (4)
Glanbia Milk	25.99 (2)	24.78 (3)	23.08 (5)
Lakeland	25.48 (5)	24.75 (4)	23.30 (3)
Monaghan	26.02 (1)	25.00 (1)	23.56 (2)
United	24.66 (6)	23.60 (6)	22.53 (6)
First Milk		21.73	

Table 3: 1,000,000 litre producer

Net price (p/litre) for various qualities – assuming alternate day collection (brackets including ranking by price paid)

Milk Buyer	Good Quality	Average Quality	Below Average
Donegal	25.76 (5)	24.83 (5)	23.69 (3)
Fivemiletown	24.44 (7)	23.40 (7)	21.95 (7)
Glanbia Cheese	26.33 (1)	25.31 (1)	23.96 (1)
Glanbia Milk	26.17 (3)	24.96 (4)	23.26 (5)
Lakeland	25.77 (4)	25.05 (3)	23.60 (4)
Monaghan	26.26 (2)	25.24 (2)	23.79 (2)
United	25.13 (6)	24.07 (6)	23.00 (6)
First Milk		22.17	

FOOTNOTES

- **Transport costs:** The prices in Table 2 and Table 3 are after deduction of the milk transport charges shown in Table 4.
- **Glanbia Milk:** Prices include term bonus (0.3p/l) and group bonus (0.3p/l for groups supplying over 10 million litres per year).
- **Fivemiletown Co-op:** Profits made by the Society may be distributed among milk supplying members.
- **United Dairy Farmers:** Has not made dividend payments for past two years but has issued bonus shares. The issue of one additional share for each 1,000 litres of milk supplied during the year 2008 to 2009 was reckoned to be worth 0.1p/l to United producers (this was double the bonus issue of the previous year).

Holstein inspection deadlines

THE deadline for entries in Holstein Northern Ireland's annual herds inspection competition is Saturday 29 May. Anyone who wants to amend their entry or withdraw from the competition should notify secretary John Martin before that date on 07711 041128. The competition is sponsored by the Ulster Bank.

Holstein NI is staging the Causeway Classic Elite Sale II in association with Holstein UK, United Feeds and Genus ABS, at Balmoral, on Wednesday 11 August. Closing date for entries is Friday 28 May. Club information, including sale details, will be available soon on www.holstein-ni.co.uk.

Milk league compiled by James Campbell and Tom Morrow

April Milk Price League

Based on:

- Average sized supplier (500,000 litres/year)
- Average seasonality of supply
- Average quality milk
- 3.19% protein
- 4.04% butterfat
- 4.71% lactose
- TBC 15,000/ml
- Somatic cell count 242,000/ml

MILK BUYER	Net price (p/litre)		Estimated share of total milk (%)
	Alternate day collection	Daily collection	
Town of Monaghan	25.21	24.95	20
Donegal Creameries	24.98	24.98	3
Glanbia Milk	24.92	24.60	2.5
Lakeland Dairies	24.74	24.44	14
Glanbia Cheese	24.74	24.43	5
United Dairy Farmers	24.29	23.89	55
Fivemiletown Co-op	23.60	23.25	1
First Milk	22.40	21.92	

Table 4: April transport charges (p/l)

	350,000 litre producer			1,000,000 litre producer		
	daily	Every other day	Diff	daily	Every other day	Diff
Donegal	0.25	0.25	0.00	0.25	0.25	0.00
Fivemiletown	1.00	0.50	0.50	0.35	0.17	0.18
Glanbia Cheese	0.76	0.45	0.31	0.37	0.16	0.21
Glanbia Milk	0.67	0.27	0.40	0.25	0.10	0.15
Lakeland	0.63	0.22	0.41	0.25	0.13	0.12
Monaghan	0.67	0.36	0.31	0.25	0.13	0.12
United	0.95	0.58	0.37	0.48	0.21	0.27

Footnote: These transport charges per litre are based on daily collections of 1,102 litres from a 350,000 litre producer and 3,150 litres (1,000,000 litre producer) or alternate day collections of double these volumes.

Monaghan holds onto top spot

TOWN of Monaghan has held onto the top spot in the monthly milk price league for April, with a price of more than 25pence/litre. This was for milk with protein estimated at 3.19%, butterfat at 4.04%, lactose at 4.71%, TBC at 15 and SCC of 242 thousands per ml.

It is after deduction of the transport charges relating to a supplier of 500,000 litres per year, with alternate day collection of milk, and the average NI seasonal pattern of supply.

On those conditions, the prices paid by Donegal Creameries and Glanbia Milk were narrowly under 25p/l, while Lakeland Dairies and Glanbia Cheese were on 24.74p/l, less than half a penny below Town of Monaghan's price.

United Dairy Farmers' price was within 1p/l of the Monaghan price, but Fivemiletown Co-op dropped outside that range, paying just 23.6p/l for milk on those April league terms.

However, although trailing the other milk buyers in NI, the Fivemiletown price was more than 1p/l above that of First Milk producer co-op in Britain for comparable milk on its 'regional pool' price.

Looking at prices across a

range of milk qualities and two different sizes of supplier (Tables 1, 2 and 3), the prices paid by Fivemiletown Co-op were seventh out of the seven local buyers compared in all cases. Town of Monaghan's prices feature strongly across the categories, as do those of Donegal Creameries and Glanbia Milk.

Prices paid by Glanbia Cheese narrowly beat those of Town of Monaghan for milk from the million litres per year supplier, across the range of qualities. Lakeland Dairies is a fairly close third for the 'average' quality milk from that million litres per year supplier, its price including 0.3p/l volume bonus payable to a producer supplying a volume between 60,000 and 120,000 litres in the month.

Lakeland's volume bonuses are 0.4p/l if the month's supply is between 120,000 and 160,000 litres, and 0.5p/l if over 160,000 litres per month (which would put them on a par with the Monaghan price for April this year).

Relative to March prices, United Dairy Farmers payments for April milk are the most improved, due to a lift of 2p/l in their base price. Most of the other buyers raised

their base by 1p/l, with the exceptions being Lakeland Dairies (up by 0.75p/l) and Fivemiletown Co-op (unchanged from March).

The return of Town of Monaghan to the top of the league over the past two months will have been good news for suppliers to Strathroy Dairy at Omagh, whose prices are linked to the Monaghan level.

For the small number of producers supplying Farm View Dairy at Castlereagh, their deal of a penny per litre above United Dairy Farmers would leave them among the best milk prices in NI for April.

All of the local milk buyers paid well above the price that would have been obtainable for an identical supply of milk sold to First Milk, in Britain. First Milk now operates four milk pools, each with differing prices related to end use of the milk and/or the region in which the farmer is based. The 'regional pool' price, which we are using for our comparisons, was increased by 0.5p/l from 1 April, while their liquid milk pool price rose by 0.8p/l and their milk for cheese and 'balancing pool' had no price increase for April but is due to rise by 0.25p/l for May.

Table 5: Base prices used in April milk price comparison

Standard Butterfat Base	3.8% - 3.84%
Standard Protein Base	3.15% - 3.19%
Standard Lactose Base	4.8% - 4.84%
Donegal*	24.75
Fivemiletown	23.5
Glanbia Cheese**	24.5
Glanbia Milk***	23.9
Lakeland	24.25
Monaghan	25.0
United****	24.5

*Donegal Base - Lactose not applicable

**Glanbia Cheese Base - Lactose 4.60% to 4.64%

***Glanbia Milk Base excludes +0.3ppl Term Bonus, +0.3ppl Group Bonus, Lactose not applicable

****United Dairy Farmers Base - Butterfat 4.00%, Protein 3.18%, Lactose not applicable

PRICES AT UNITED DAIRY FARMERS STANDARD QUALITY BEFORE TRANSPORT CHARGES

Donegal	25.11
Fivemiletown	23.86
Glanbia Cheese	24.86
Glanbia Milk	24.26
Lakeland	24.54
Monaghan	25.36
United	24.50

April milk prices up by 6p to 7p/l

WITH April 2010 prices a full 7p/litre above those of April 2009, Glanbia Cheese had the biggest year-on-year lift in price, but most of the other prices for April milk in NI were up by at least 6.5p/l over last year for identical milk.

Fivemiletown Co-op has been left trailing a little, having opted not to increase their April base price from its March level. The contrast of the NI milk buyers with the situation at First Milk co-op in Britain is very stark, as its price shows a rise of less than 1p/l.

Comparing with April 2008, all of the NI buyers except Fivemiletown paid higher prices for this April than those of two years ago. First Milk's price movement also compares unfavourably with the NI buyers' price relative to 2008.

The biggest improvement is that of United Dairy Farmers, which paid 3p/l more for milk this April than in 2008. This very largely reflects the difference seen in the prices at which United was able to sell option milk in those two years — a difference of 3.18p/l after taking into account the quality adjustment that United added onto the average price that was bid at the

Table 6: Changes in April '10 milk prices in p/l compared to:

	2009	2008	2007
Glanbia Cheese	7.0	+1.0	+6.68
Option Milk	+6.8	+3.04	+8.31
Quality adjusted selling price	+6.94	+3.18	+8.45
Town of Monaghan	+6.75	+1.0	+6.5
United Dairy Farmers	+6.75	+3.0	+7.86
Donegal Creameries	+6.65	+1.25	+6.5
Lakeland Dairies	+6.5	+1.45	+6.45
Glanbia Milk	+6.3	+0.85	+7.27
Fivemiletown Co-op	+5.25	-0.2	+4.69
First Milk	+0.75	-1.9	+7.13

auction of milk on 25 March this year.

According to our calculations, that compositional quality adjustment for April 2010 was 0.14p/l, with the adjustment now applied at 100% and assuming that the average quality results for milk deliveries into the dairies are the same as the average quality results for ex-farm milk collected by United.

There was no quality adjustment of prices at which United sold milk to processors in April 2009 or in earlier years. It is part of the new milk selling arrangements introduced by United last summer.

The quality adjustment remained positive for April milk, in spite of expectations

that it would be in negative territory at this time of year (which would have resulted in a deduction from the prices bid at the auction of April milk).

Compositional quality has been higher than anticipated, remaining above United's 'base' levels of 4% butterfat and 3.18% protein.

Looking further back, to April 2007, we estimate that the income from milk sales at that time was more than 8.45p/l below the April 2010 income achieved by United.

All of the April 2010 prices paid to producers are well above those of April 2007.

• These year-on-year price comparisons are based on the prices paid for average quality milk from the small supplier (350,000 litres per year).

Option milk at 25.63pence/litre

BASED on the average successful bid prices at United Dairy Farmers' auction on 25 March 2010, the option milk price for April supplies was set at 25.63 pence per litre.

It had been expected that this would be subject to a downward adjustment to arrive at United's milk selling price for the month, as compositional quality at this time normally dips below the United base levels of 4% butterfat and 3.18% protein.

However, the milk quality figures for the month indicate that the average April milk quality was above the base level, and an average of 0.14p/l would have been added to the option milk price and to the auction prices when billing the processors for that milk.

This would not be a uniform amount added to the bill for each processor buying milk from United — it de-

pends on the results of the tests carried out on the milk in each tanker load delivered to each processor.

The price adjustments are 0.018p per 0.01% butterfat and 0.032p per 0.01% protein above or below the base levels.

Previously, the processors

would just have paid the option milk price, or the price that they had bid at the auction to secure the milk, with no adjustment for compositional quality.

United moved to 100% adjustment for quality in its milk selling price from April onwards.

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Milk quality figures indicate that the average April milk quality was above the base level