

Connacht Gold top 12-month rolling average



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Connacht Gold holds on to the top position in the March/April liquid milk league, despite dropping below Clona with their April price. Their average price for the 12 months was 31.1c/l. The first division was completed by Clona/Dawn, Glanbia and Dairygold, all above 30c/l.

Arrabawn heads up the second division paying 29.9c/l, followed by Donegal and Centenary/Thurles.

Kerry, Monaghan and Wexford are the third division players in this league.

As can be seen from the table, there was a difference of over €10,000 between a Connacht Gold supplier and a Wexford supplier.

March/April 2010 creamery prices

	12-mth rolling avg	March price	April price	League position for avg Mar/Apr	12-month rolling average milk payment for average farmer supplying 230,000lits
Division 1					
Connacht Gold	31.10	35.70	27.65	1	€71,531.53
Clona Dawn	30.54	30.70	27.70	5	€70,247.37
Dairygold	30.23	34.62	27.37	2	€69,534.18
Glanbia	30.23	34.62	27.37	2	€69,533.79
Division 2					
Arrabawn	29.90	31.60	26.41	6	€68,770.00
Donegal	28.96	32.75	25.20	7	€66,608.00
Centenary/Thurles	28.42	30.08	26.32	8	€65,366.00
Division 3					
Kerry	27.43	25.51	26.46	10	€63,089.00
Monaghan Co-op	27.23	32.24	29.72	4	€62,629.00
Wexford	26.58	25.41	26.62	9	€61,134.00

EU milk prices

THE average price in April for all LTO European processors was 27.69/kg (24.42c/l when converted to c/l at 3.6bf and 3.3pr). This was 17% higher than the 23.74c/kg for April 2009, which was the low point of the European prices. The average Irish April price in the *Irish Farmers Journal* milk league was 26.21c/l.

Granarolo, in northern Italy, retains top spot in April in the LTO milk league, paying a price of 29.96c/l when converted to c/l at 3.6bf and 3.3pr, while First Milk in Britain remains last, with a price of 19.37c/l.

Hameenlinnan Osuusmei-

jeri in Finland is in top position for the 12-month rolling average. Their average price for the 12 months was 37.69c/kg (33.24c/l at 3.6bf and 3.3pr).

The Fonterra price converted to 23.16c/l, while the price in the US came to 21.19c/l.

FrieslandCampina has announced the biggest monthly increase in its milk price so far this year. Their May milk price of 31.5c/kg (29.73c/l) is 2.25c/kg above April and 6.25c/kg higher than May 2009. FrieslandCampina also pay top up or annual performance payment at year-end, which varies depending on performance.

European milk prices

Company		Apr milk price *	Apr milk price **	12-mth rolling avg ***	Rolling avg in last 12 mths ****
Milcobel	BE	26.53	30.08	24.04	27.26
Alois Müller	DE	24.77	28.09	22.65	25.68
Humana Milch					
Union AG	DE	24.54	27.83	22.35	25.34
Nordmilch	DE	24.54	27.83	21.74	24.65
Arla Foods	DK	23.89	27.09	24.58	27.87
Hämeenlinnan					
Osuusmeijeri	FI	27.21	30.86	32.92	37.33
Bongrain					
CLE (Basse Normandie)	FR	25.97	29.45	25.50	28.92
Danone (Pas de Calais)	FR	25.91	29.38	26.01	29.49
Lactalis (Pays de la Loire)					
Sodiaal	FR	25.11	28.47	25.20	28.58
Sodiaal	FR	25.89	29.36	26.09	29.59
Dairy Crest					
(Davidstow)	GB	22.09	25.05	24.07	27.29
First Milk	GB	19.37	21.97	20.71	23.49
Glanbia	IE	24.66	27.96	20.83	23.62
Kerry	IE	24.56	27.85	20.78	23.56
DOC Kaas	NL	23.40	26.53	22.13	25.09
Friesland					
Campina	NL	22.21	25.19	23.72	26.9
Average milk price					
		24.42	27.69	23.96	27.17
Granarolo					
(North)	IT	29.96	33.98	29.95	33.96
Fonterra (5)	NZ	23.16	26.26	21.58	24.47
USA (3)	US	21.19	24.03	19.27	21.85

Prices courtesy LTO

*C/l converted to 3.6% bf & 3.3% protein.

**This month, c/kg @ 4.2% bf and 3.3% pr.

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Fonterra to run dairy auction twice a month

FONTERRA has announced that the global dairy trade will increase the frequency of trading events to twice a month.

"These will add more depth and credibility, and even transparency, to pricing trends," said Kevin Wickham, Fonterra managing director of global trade.

"With more frequent pricing signals, market participants will be able to have even more confidence.

"They will have up to date information on the current balance of supply and demand."

Fonterra also announced that they will be adding a new product, buttermilk powder, which will begin trading on 3 August.

In addition, there will be two new specifications of ex-

isting products: high heat/heat stable skim milk powder and anhydrous milk fat in 1,000kg bulk packs.

New venture for Fonterra in US

DariConcepts, LP, a joint venture between DFA and Fonterra, has acquired the US hard Italian cheese business of SVF (Swiss Valley Farms).

The business previously owned by SVF's wholly owned affiliate Rochester Cheese, produces private label fresh grated hard Italian cheeses and private label dry hard grated Italian cheeses for retail, food service and industrial customers.

NZ and Russia to enter trade agreement

NEW Zealand and Russia look set to enter a new phase towards a free trade agreement.

Russia is the world's largest importer of butter and cheese and is seen by New Zealand as a significant dairy export market for their produce. NZ's dairy exports to Russia last year, mostly butter and cheese, were worth approximately NZ \$120m.

NZ has the largest share of butter imported into Russia. They supplied more than 50% of Russia's imported butter. Meanwhile, Ireland's Bord Bia is forecasting strong growth in EU dairy exports to Russia this year.

Increased consumer spending power and increased consumption of imported dairy products should lead to more EU exports to that country.

Eastern European imports have been replaced with supplies from Germany and Austria, particularly for Gouda and Edam as imported dairy products from the EU have a very solid reputation in the Russian market.

In 2009, the EU exported 67,000 tonnes of processed cheese, 63,000 tonnes of Gouda, 45,000 tonnes of Edam, 31,000 tonnes of cheddar, 13,000 tonnes of blue vein cheese and 11,000 tonnes of Brie/Camembert.

The prices of Gouda and Edam from the EU have risen by around 5% in recent months.

In addition to cheese, EU butter exports to Russia are also increasing. Last year, Russia was the EU's biggest importer of butter, accounting for 19,000 tonnes.

US CWT export assistance

CWT (Co-operatives Working Together) officials have announced that two export assistance bids were accepted from DFA (Dairy Farmers of America).

One bid was accepted from Foremost Farms and five bids from Dairygold processors

for a total of 909 tonnes of cheddar cheese and Monterey Jack cheese.

Since CWT reactivated the programme in March, bids totalling 17,727 tonnes of US cheese have been subsidised by CWT and dispatched to 18 countries on four continents.

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Cheese exports up by 78.1%

THE USDA (US Department of Agriculture) reports that April dairy exports have increased significantly.

Total US dairy exports rose 38,636 tonnes (42.2%) from April 2009.

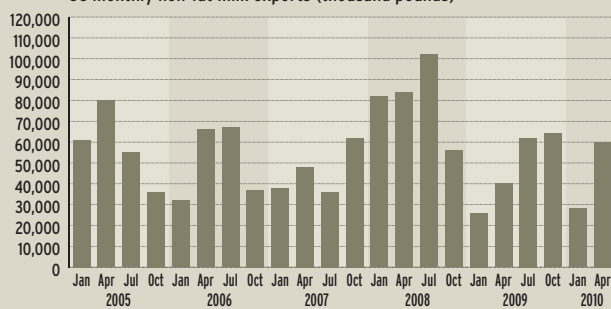
For the past seven months, dairy exports from the US have been higher than the previous year levels.

Compared with the previous month, export quantities gained 9,727 tonnes (8.4%).

All commodities experienced an increase in exports when compared with the previous year.

April cheese exports, compared to March gained 1,000 tonnes (7.1%) to 18,136 tonnes.

Figure 1
US monthly non-fat milk exports (thousand pounds)



Cheese exports increased drastically compared to last year, up 6,045 tonnes (71.8%). This is the sixth month of increases compared with the previous year.

Butter exports were 3,909 tonnes, which was a decrease

from the previous month of 273 tonnes (6.9%), but compared with April 2009 butter exports increased by 2,200 tonnes (133.6%).

Year to date butter exports are shown in the graphic above.

IN BRIEF

US progresses supply restrictions

AT a time when the EU is abandoning milk quotas, US farm organisations are looking for a plan to restrict supply.

A bill designed to stabilise producer prices by controlling the growth of dairy farms has officially been introduced to the US Congress by the farm organisations.

If passed, the bill would see the establishment of milk supply management in the US for the first time.

The scheme would use the milk/feed ratio as the key indicator for determining what level of supply management would be implemented. A high milk/feed ratio, indicating good on-farm profitability and also that demand was exceeding supply, would mean that dairy farms could grow with little restriction.

However, a falling milk/feed ratio, indicating tight producer margins and that supply was exceeding demand, would trigger restrictions on the allowable year-on-year growth, up to -3% in

extreme situations.

Farms expanding more than this would have to pay a levy, which would be distributed to the farms that are not expanding.

The scheme is designed to protect producer margins by discouraging farmers from expanding when supply is exceeding demand, thus helping to balance the market.

This is likely to be a good idea for all milk producing countries in the world except the US.

High Level Group urges EU to address power imbalance

THE High Level Group (HLG), a group of experts invited by the EU to advise on marketing structures, has presented seven key recommendations on how the sector should be reformed.

They advocated greater use of written contracts and more collective bargaining power for dairy farmers.

The HLG urges the Commission to encourage the use of contracts that set out in advance terms including price, volume, timing and duration.

It said that member states could make the use of such contracts compulsory.

The EU Dairy Association (EDA) disagreed with that point stating that the opportunity to make written contracts compulsory is a regressive step that moves

away from the common market.

Another key proposal aiming to correct a mismatch in power relates to the bargaining power of producers.

The HLG invited the Commission to consider a legislative proposal to allow farming organisations to negotiate jointly their contract terms with a dairy.

Dacian Ciolos, EU Commissioner for Agriculture and Rural Development, promised to study the HLG report in detail with a view to presenting legislative proposals before the end of the year.

He said: "My main aim is that we consider medium to long term measures, which address the lessons learned from last year's crisis aimed at better structuring the sector as a whole."

Padraig Walshe, former IFA president and president of COPA, is a member of the High Level Group.



Dacian Ciolos, EU Commissioner for Agriculture and Rural Development

Mixed signals come from global markets

THERE are some signs that the dairy commodity market may have peaked. But the strong dollar is helping to maintain EU prices.

There are mixed signals from the markets at present, with a slight drop in some prices. Butter in Europe is reported to be selling at \$4,400 (€3,600) per tonne and \$4,050 (€3,320) per tonne in Oceania. The Dutch Dairy Board is slightly higher at €3,740 per tonne.

WMP prices are \$3,500 (€2,869) per tonne in Europe and \$3,850 (€3,155) per tonne in Oceania.

The Dutch Dairy Board price is quoted at €2,980 per tonne.

SMP has slipped in price in

Europe to \$2,912 (€2,386) per tonne but it is making \$3,200 (€2,623) per tonne in Oceania, with the Dutch Dairy Board at €2,340 per tonne.

Cheese prices are a bit weaker on most markets. It is \$3,950 (€3,238) per tonne in Oceania.

There are signs that the dairy commodity market has peaked. But the strong dollar is maintaining EU prices

Figure 2
International cheddar cheese price - Oceania (\$/metric tonne)

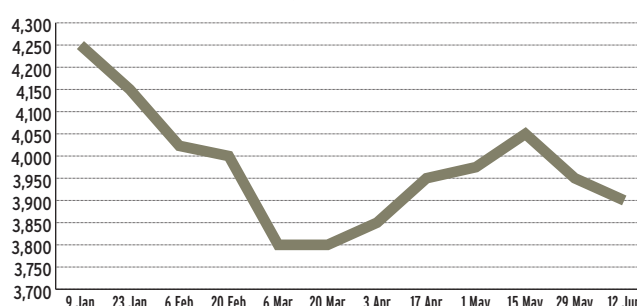


Figure 4
International 26% whole milk powder price - Oceania (\$/metric tonne)

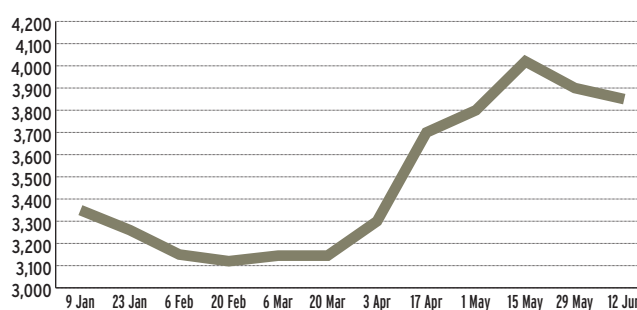


Figure 3
International 1.25% BF skim milk powder price - Oceania (\$/metric tonne)

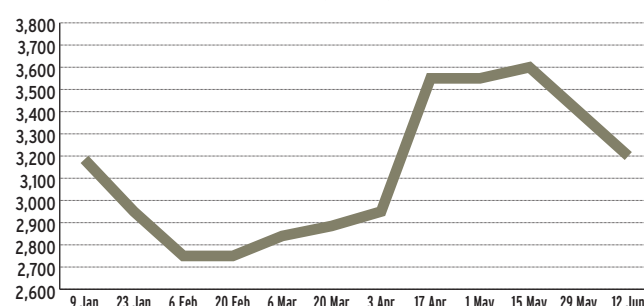
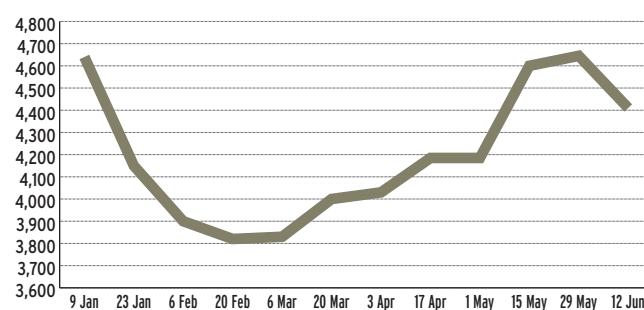


Figure 5
International butter price - Europe (\$/metric tonne)



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