

Creamery league

Co-op Feb 2010	Nett of Levies, transport and conditional bonuses @ 3.6 BF and 3.3 PR	Price change since last month	Total Milk Price Increase or Decrease this Quota year	Avg Coop Protein %	Avg Coop Butter Fat %	Creamery Average net of levies using of coop fat and protein	Ranking on Avg Cr Fat & Protein	Feb Milk payment for farmer supplying 4% of 230,000 Quota at 3.6bf and 3.3pr	Feb Milk payment for farmer supplying 4% of 230,000 Quota creamery Avg bf and pr	A	B	C	€/kg MS DIFF	€/kg MS A+B-C
Division 1														
Newmarket	25.37	1.66	3.65	3.23	3.97	26.38	4	€2,333.62	€2,426.84				3.563	0
Monaghan Co-op	25.06	1.52	3.42	3.13	3.8	24.88	13	€2,305.56	€2,288.82				3.511	0
Division 2														
Barryroe Co-op	24.95	0.33	1.82	3.21	4.03	26.67	2	€2,295.11	€2,453.35				3.498	0
Lisavaird Co-op	24.89	0.32	3.12	3.20	4.0	26.41	3	€2,289.86	€2,430.18				3.479	0
Drinagh Co-op	24.87	0.32	2.07	3.17	3.96	26.21	5	€2,288.44	€2,411.23				3.492	0
Bandon Co-op	24.73	0.32	1.82	3.18	3.97	25.82	7	€2,275.57	€2,375.21				3.449	0
Boherbue	24.50	0.50	1	3.29	4.14	25.91	6	€2,254.03	€2,384.12				3.425	0
Glanbia	24.41	0.95	4.71	3.17	3.97	28.72	1	€2,246.16	€2,274.04	5.7151	2.4845	0.04	3.404	3.406
North Cork	24.41	0.71	1.99	3.2	3.89	24.78	14	€2,246.16	€2,280.20				3.426	0
Centenary / Thurles	24.41	0.95	2.71	3.23	3.98	24.75	15	€2,246.16	€2,277.44				3.399	0
Oldcastle Co-op	24.41	0.95	4.71	3.17	4.12	25.16	12	€2,246.16	€2,314.34				3.412	0
Lakeland Dairies	24.35	0.53	2.38	3.26	4.12	25.29	9	€2,240.29	€2,326.70	6.05355	2.13412	0.035	3.404	3.443
Connacht Gold	24.28	2.24	3.44	3.22	4.06	25.73	8	€2,233.56	€2,366.96	5.854	1.937	0.04253	3.376	3.003
Dairygold	24.18	0.72	4.48	3.22	4.08	25.27	10	€2,224.32	€2,324.64	5.77	2.4	0.04	3.382	3.335
Division 3														
Tipperary Co-op	23.94	0.48	3.24	3.36	4.12	25.21	11	€2,202.44	€2,319.28				3.325	0
Arrabawn	23.78	0.00	3.48	3.18	4.08	24.62	16	€2,187.92	€2,265.20				3.341	0
Wexford	23.70	0.00	1.6	3.25	3.93	24.36	17	€2,180.40	€2,241.25				3.314	0
Kerry Group	23.60	0.95	1.95	3.2	3.95	23.95	18	€2,171.59	€2,203.30				3.292	0
Donegal	22.93	0.00	3.12	3.21	3.96	23.80	19	€2,109.95	€2,189.44				3.234	0

Newmarket tops February milk league



JOHN BOYLAN
IRISH FARMERS JOURNAL

NEWMARKET, the co-op who turned down an initial take-

over bid of €23m by Kerry, is leading the way on price increases for February. They are paying the top price of 25.37c/l, plus VAT, an increase of 1.66c/l on their January price.

EXAMPLE

This is setting the example for what suppliers will be expecting in milk prices, if a deal goes through with Kerry. Kerry are in division three

for February but they have announced an increase of 2c/l for March.

Monaghan, who have paid an unconditional early calving bonus of 1.6c/l for both January and February, complete the first division of processors paying above 26c/l. The West Cork Co-ops and Boherbue are the leaders in the second division, with prices ranging from 24.95c/l to 24.50c/l.

Connacht Gold have an unconditional early calving bonus of 1.72c/l, bringing their price to 24.28c/l.

Glanbia, which is reported to be negotiating a share swap to buy the Irish assets from the plc, have also increased their February price by 1c/l to 24.41c/l. Glanbia are top of the average creamery price, with a price of 28.72c/l, which includes their off-season bonus.

US dairy farmers on steady decline

THE USDA (US Dept Ag) reported that there were 54,842 dairy farms licensed to sell milk in the US at the end of 2009. This is 2,185 (3.8%) down from the previous year.

The number of US dairy farmers has fallen by 32,585 (37%) since 1999 and by 73,158 (57%) since 1992.

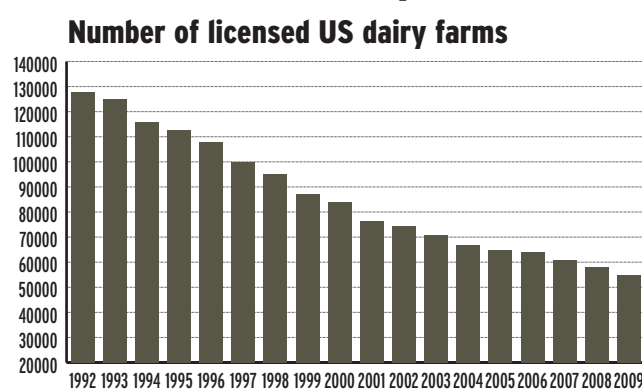
NUMBER OF COWS

Despite the fall in the number of dairy farmers, the number of cows per dairy farm is increasing.

The average number of cows on a US farm in December 2009 was 167 (2.7%) higher than in 1999.

The average milk production per cow also increased over that period by 27% from 15,160lbs (6,991 litres) to 20,704lbs (9,137 litres).

Total cow numbers in the US decreased by 8.1% from



9.8 million to 9.1 million from 1992 to 2009.

The increase in milk produced per cow is the reason that milk production in the US has seen such a dramatic rise.

Milk output grew by 25% from 151,500 billion lbs to 189,300 billion lbs (83,000 billion litres), despite the reduction in cow numbers.

The trend has continued

this year where monthly milk production and production per cow were reported higher while cow numbers continued to decline.

February milk production is up 14 million lbs (0.1%) to 14.8 billion lbs. This is the first time in six months that milk production has increased in the US compared with the same month a year earlier.

IN BRIEF

Milk processing in France

THE latest takeover bid for Entremont, the troubled cheese and liquid milk processor, by Sodial, should help to revamp the dairy industry in France.

If the takeover bid is successful, it would be another example of where the farmers' co-op retakes control of their own industry.

Meanwhile, in Australia, Warrnabool Cheese and Butter, who posted better than expected results for the first half of their fiscal year, rejected the latest bid from Murray Goldburn of AUS\$4.35 per share, which valued the company at AUS\$173m.

They also announced a five fold expansion of their cheese production from 300 to 1,500 tonnes per year.

EXPLANATORY FOOTNOTES

- 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

- Dairy Board and State levies deducted by co-op.

- Glanbia have a contract winter milk scheme where a bonus of up to 7c/l is paid. They also have an off-season bonus scheme of 4c/l for November and February, which is available to all farmers who have supplied less than 16% of their annual quota in the previous June and more than 3% in those two months.

- Glanbia have a two-year interest free supplier loan in place where suppliers are given 2c/l for April supply and 2c/l for May paid out with the May cheque and 1c/l to be given out with the June cheque. This is to help their suppliers with cash-flow over this loss-making period and is due to be repaid over the same period in 2011.

- Centenary/Thurles pay an additional 5c/l, plus VAT, Early Calving Bonus in Jan & Feb to all suppliers who supply at least 6% of their quota in these two months with a lactose level above 4.35%.
- They also pay an additional 0.2c/l bonus for all milk supplied under 200,000-cell count.

- West Cork co-ops have a conditional contract seasonal incentive scheme in place from October until February, where it is possible to get a premium of up to 7.26c/l for January and 6.14c/l for February, provided that

the month's supply is in excess of 6% of annual quota and 30% of quota is supplied between October and March.

- Dairygold have a quality bonus points table where suppliers can achieve an additional 0.4c for 55 points. They claim that 70% of their suppliers are achieving a 0.2c bonus for 45 points.

- Connacht Gold also pay 0.3c/l extra for milk under 200,000 SCC, 0.3c/l for under 50,000 TBC and 0.4c/l for suppliers with a capacity for seven milkings. Bandon, Barryroe, Lisavaird, and Drinagh pay 0.88c/l for milk supplied less than 200,000 SCC.

- Wexford pay a conditional winter milk bonus of 6.9c/l to farmers who supply 10% of their annual quota in November and December and 30% between October and February.

- All quality related conditional bonuses that are available to all producers are included in the creamery average price.

- For an introductory period, the A+B-C will be on the right side of the table.

- The A is the protein value, B the fat value and C is the handling charge.

- The next column displays the value of a kilo of milk solids calculated at the published price and using the national average protein and fat levels as per CSO, which will be updated each year.

- The second column displays price changes from previous months and the third column shows total cut this year.

Milk supplies continue to decline worldwide

MILK production throughout the world continues to decline.

Production in Australia is 9.1% lower for January and is 6.6% down on a year to date basis.

Argentina is down by 15% for the first two months of this year and Brazil is also down on last year's level.

US milk production is 0.6% below that of January 2009.

Russia's milk supply fell by 30% in the last few months because of the introduction of new standards and because of cheap milk imports from Belarus.

Milk supplies in Europe have declined by 1% to 2% since September 2009 and will probably finish the quota year on 31 March between 6% and 7% below quota.

France's production has

fallen by 4.4%. The winter weather across Europe continues to cause problems as ground temperatures are taking much longer to increase, thereby slowing grass growth.

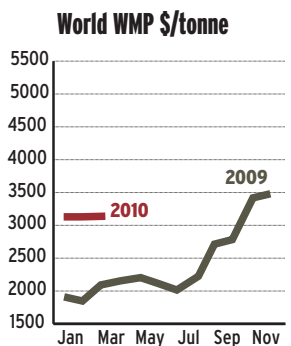
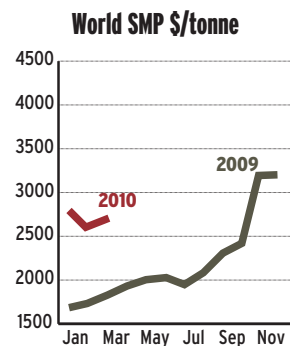
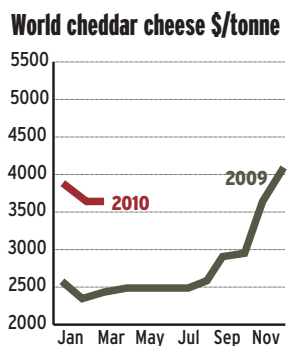
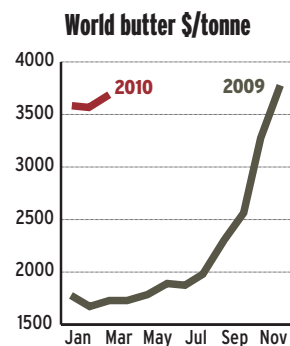
Eastern Europe is behind western areas in milk production, with deliveries below projected levels.

Milk production in Ireland was down by 10% in Decem-

ber and finished the calendar year 2.9% below the previous year, as a result of poor prices and bad weather.

LACK OF GRASS

The lack of grass, as a result of low ground temperatures both here and in Europe, will slow milk production and may affect peak production unless temperatures rise quickly.



Dramatic increase in dairy prices at NZ auction

THE scarcity in milk supply which led to the 21% to 25% increase in dairy product prices at the Fonterra auction should drive prices upwards across the world over the next few weeks.

Sentiment over the prospects in the world and EU dairy markets has been changing over the past week or two. With a few exceptions, prices have increased and the belief that low milk supplies will keep the markets tight in the medium term is gaining greater credence.

The world prices of dairy commodities are continuing to increase. There is little product available for spot sale as the production season in Oceania is nearing its end, while the markets in the EU and US have tightened since the start of the month.

Both SMP and butter world market prices have increased by \$100 per tonne and are selling on the world market at \$2,700 and \$3,750 per tonne, respectively, with the equiva-

lent of \$100 per tonne more available in the Netherlands and France. WMP and cheddar prices have remained unchanged at \$3,100 and \$3,700/tonne, respectively. The butter price is more than double the price of one year ago.

There is evidence that cheese prices are moving up on the US futures markets.

EU dairy exports in January were 75% higher than last January. SMP and cheese prices are competitive on the north African and Middle Eastern markets. The Algerian tender is completely filled and another tender is expected from there.

There are 24,000 tonnes of butter and 192,000 tonnes of SMP unallocated in Intervention but the EU has given a commitment not to release this until the market improves.

Market commentators have indicated that cheddar stocks are declining, which suggests that prices may move higher.

Table 1: Global prices of dairy commodities

\$/tonne	March 2010	One month before	12 months before
Butter	3,750	3,600	1,750
SMP	2,700	2,600	1,800
WMP	3,100	3,100	2,100
Cheddar cheese	3,700	3,700	2,500

British dairy market grows by 4.4%

THE retail dairy market in Britain for 2009 grew by 4.4% year on year from £7.999bn to £8.4bn, according to figures from Kantar Worldpanel.

The growth was primarily driven by the three largest categories of the market — liquid milk, cheese and yogurt.

Liquid milk, which holds a 41% share of the total market, had a 4.5% increase to £3.5bn on flat volume.

This means that the total increase came from higher sales prices.

Cheese volumes sales were up 4.2% to 392,000 tonnes for 2009 and this, combined with a slight price rise, achieved growth of 4.7% to £2.37m.

Yogurt grew at the fastest rate for 2009m both in price and volume by 8.7% and 5.3%, respectively, to £1.22m.

The value of butter fell by 2.6%, even taking into account that there were two million tonnes extra sold.

Retailers increased their prices in 2009 to consumers, despite paying lower prices to producers.

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