

# Lakeland retains top spot in December



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Lakeland tops the December league with the help of a 0.5c/l hardship bonus paid on all milk supplied in December, which brought their milk price to 24.32c/l. That was the only change in milk price for December.

There was no price change in any of the other co-ops this month, apart from the Connacht Gold full year 0.25c/l bonus, which brought their December milk price to 22.27c/l. This leaves the positions in the December league

similar to last month.

Boherbue, with consistently high solids, leads the creamery average price again for December paying 27.19c/l.

Milk volume was lower than normal during this period because more cows were dried off to save feed and, also, there was the added effect of the severe weather.

While there is much negative talk about dairy product prices, which are slipping worldwide at present, the stability shown at the Fonterra auction demonstrates that the present wobble in confidence may be short-lived.

Milk prices should respond to the dual effects of increased consumption of dairy products, especially cheese, and also that milk production in most of the southern hemisphere as well as Russia, India and Kenya is being severely curtailed by a lack of rain.

## Creamery League

Division 1	Cash Price Ex Vat	Price change since last month	Total Price Increase this Quota year	Avg Coop Butter Fat %	Avg Coop Protein %	B/F diff per each 0.10%	Protein diff per each .10%	Average Creamery price using co-op fat and protein minus vat	Rank on Avg Cr Fat & Protein	Dec payment for farmer supplying 3% of 230,000 Quota at 3.6bf and 3.3pr	Dec payment for farmer supplying 3% of 230,000 Quota creamery Avg bf and pr
Lakeland Dairies	24.32	0.47	2.35	42.20	33.80	0.23	0.64	25.79	3	€1,118.72	€1,186.38
Arrabawn	23.78	0.00	3.48	41.90	34.00	0.24	0.48	25.68	7	€1,093.96	€1,181.18
Newmarket	23.71	0.00	1.99	41.90	34.60	0.32	0.35	26.18	4	€1,090.66	€1,204.12
North Cork	23.70	0.00	1.28	41.30	33.30	0.30	0.50	25.44	8	€1,090.29	€1,170.33
Boherbue	23.70	0.00	0.2	44.20	35.90	0.27	0.44	27.19	1	€1,090.20	€1,250.74
Wexford	23.70	0.00	1.6	42.90	34.73	0.26	0.45	26.27	2	€1,090.20	€1,208.54
Barryroe Co-op	23.63	0.00	0.5	40.00	33.00	0.30	0.50	24.83	16	€1,086.78	€1,141.98
Lisavaird Co-op	23.57	0.00	1.8	40.80	33.20	0.26	0.42	24.90	14	€1,084.15	€1,145.42
Drinagh Co-op	23.55	0.00	0.75	40.10	32.90	0.29	0.48	24.71	17	€1,083.44	€1,136.68
Monaghan Co-op	23.54	0.00	1.9	39.50	32.80	0.30	0.46	24.50	18	€1,082.82	€1,126.89

Division 2	Cash Price Ex Vat	Price change since last month	Total Price Increase this Quota year	Avg Coop Butter Fat %	Avg Coop Protein %	B/F diff per each 0.10%	Protein diff per each .10%	Average Creamery price using co-op fat and protein minus vat	Rank on Avg Cr Fat & Protein	Dec payment for farmer supplying 3% of 230,000 Quota at 3.6bf and 3.3pr	Dec payment for farmer supplying 3% of 230,000 Quota creamery Avg bf and pr
Tipperary Co-op	23.46	0.00	2.76	43.70	35.80	0.18	0.47	26.17	5	€1,079.36	€1,203.65
Dairygold	23.46	0.00	3.76	42.80	34.30	0.24	0.58	25.86	6	€1,079.36	€1,189.36
Oldcastle Co-op	23.46	0.00	3.76	42.30	33.70	0.24	0.45	25.29	10	€1,079.36	€1,163.40
Centenary / Thurlies	23.46	0.00	1.76	42.10	34.00	0.20	0.60	25.28	11	€1,079.36	€1,163.08
Glanbia	23.46	0.00	3.76	41.40	34.10	0.24	0.45	25.26	12	€1,079.36	€1,161.74
Bandon Co-op	23.41	0.00	0.5	40.50	33.80	0.33	0.54	25.33	9	€1,077.05	€1,165.23

Division 3	Cash Price Ex Vat	Price change since last month	Total Price Increase this Quota year	Avg Coop Butter Fat %	Avg Coop Protein %	B/F diff per each 0.10%	Protein diff per each .10%	Average Creamery price using co-op fat and protein minus vat	Rank on Avg Cr Fat & Protein	Dec payment for farmer supplying 3% of 230,000 Quota at 3.6bf and 3.3pr	Dec payment for farmer supplying 3% of 230,000 Quota creamery Avg bf and pr
Donegal	22.93	0.00	3.12	41.10	33.60	0.34	0.40	24.91	13	€1,054.97	€1,145.78
Kerry Group	22.65	0.00	1	42.00	35.00	0.22	0.44	24.86	15	€1,042.07	€1,143.47
Connacht Gold	22.27	0.25	1.45	42.00	34.30	0.19	0.59	24.20	19	€1,024.42	€1,113.20

## 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
- Dairy Board and State levies deducted by co-op.
- Glanbia have a two-year interest free supplier loan in place, where suppliers were 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 cashflow over this loss-making period and is due to be repaid over the same period in 2011.
- 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 pays 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 0.4c/l for milk supplied less than 200,000 SCC.

- Average co-op price based on co-op average butterfat and protein percentage.

- The final two columns in Table 1 show the difference in co-op payout for a 230,000 quota supplier at both the 3.6 butterfat and 3.3 protein and the creamery average.

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

## Connacht Gold pays full year top-up bonus

CREDIT must be given to Connacht Gold, who paid their suppliers a year-end bonus of 0.25c/l on every litre of manufacturing milk supplied to them in 2009.

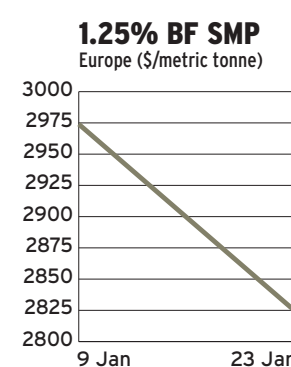
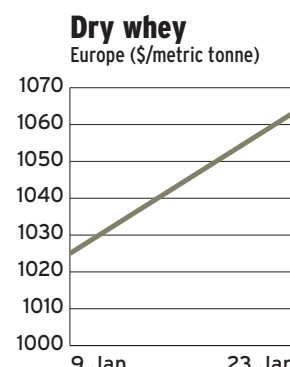
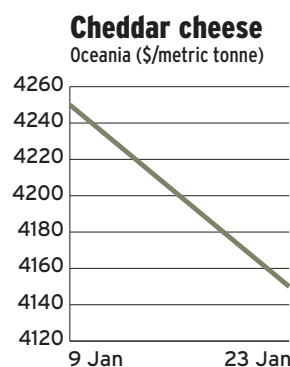
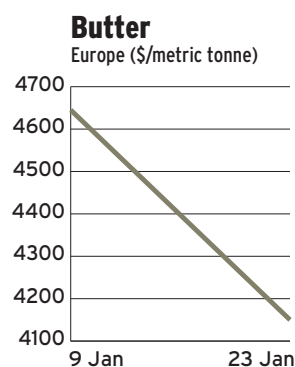
The distribution from the co-op, as a result of price improvement in dairy products late in the year, was a very welcome gesture to their suppliers who went through the worst year of their lives as they bore the brunt of the

dreadful weather, from flooding to Arctic temperatures, together with the lowest milk price they had seen for over 20 years.

The cheque was a welcome payment of €575 to their average 230,000-litre supplier.

The 0.25c/l brought the Connacht Gold milk price in the December league to 22.27c/l, and 24.2c/l for their creamery average.

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## Fonterra auction to stabilise world trade prices

THE price drop in WMP of just US \$53 (1.6%) per tonne to US \$3,256 at the Fonterra auction shows that there is stability in milk prices. When this price is converted into a weaker euro, it works out at about €20 above last month's price.

There was a threat that China would put restrictions on imports, but with the melamine scandal continuing, they will need to import dairy products for some time to come.

This should bring the traders back into the market, thereby driving the price upwards.

Contract prices for anhydrous milk fat (industrial butter) were down 7.9% to US \$4,183 per tonne, which bring them into line with current world prices.

Given the rise in butter prices before the year-end, and reports about the drop in milk production in the US, as well as drought-related production cuts across the world, it is surprising to see the latest reports from the USDA (US Dept Ag) showing where dairy commodity prices have taken a hammering during January.

The international butter price for Europe showed a

fall of 10.5%) from \$4,640 in early January to \$4,150 per tonne on 23 January. It is important to note that this is still 30% above Intervention and, combined with the quoted SMP price, will return a milk price of almost 27c/l if 5c/l is allocated for processing costs. Both cheddar and SMP dropped by 5% during the same period to \$3,800 and \$2,825 per tonne, respectively.

The good news is that the whey price, which has proved to be the first signal of rising prices in the past, has moved up by 3.66% from \$1025 to \$1,062.5 in late January (see graphs above).

### Fonterra to auction SMP

Fonterra has announced that it will begin to offer SMP in its monthly global dairy trade auction from March of this year.

Since the auction started in September 2008, they have traded 828.5 million lbs of WMP and started to auction anhydrous milk fat towards the end of 2009. Total sales in the auction have exceeded US\$1bn since its inception.

## Low fat cheese must retain flavour and texture

ACCORDING to scientists at North Carolina State University, consumers will not accept lower fat cheddar or mozzarella cheeses if the flavour or texture differs from full fat cheeses, even if the differences are small.

Jessica Childs and Mar-

yanne Drake from the university's Southeast Dairy Foods Research Centre used data from an analysis survey for mozzarella and cheddar cheeses, which involved 171 and 179 consumers, respectively.

### RESULTS

These results confirm that most consumers are not willing to sacrifice flavour or texture for fat reduction in cheeses.

There has been strong growth in low fat cheeses over the past number of

years, according to the Mintel global research agency, but unless manufacturers use new technology to improve the flavour and sensory aspect of their products, they are unlikely to achieve widespread consumer acceptance.

# Latest milk prices in Northern Ireland

**T**he average price paid by processors for December milk in NI was 23.32ppl (25.96c/l), with United Dairy Farmers paying the top price of 25.75 ppl (28.66c/l).

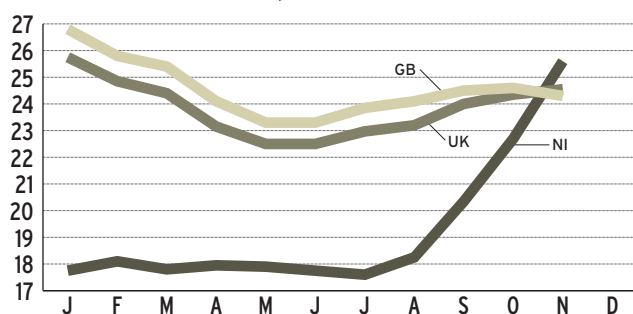
Lakeland and Glanbia increased their price by 1ppl and they are now second and third. Donegal increased their price by 0.25ppl, keeping them above Monaghan who are bottom.

The milk price was down to 24.05ppl (27.64c/l), a drop of 13% at the United Farmers auction.

The NI average farmgate price rose by 13.7% between October and November to 25.68ppl (29.20). This is now 5.5% above the average British milk price for November. Annual comparisons show that the NI milk price is 4.40ppl (20.7%) above the level in November 2008.

According to a DEFRA (UK Dept of Environment, Food and Rural Affairs) survey of milk purchasers which accounts for 93% of milk in Britain including NI, the average farmgate price for milk in Britain for November was 24.49ppl (27.83c/l)

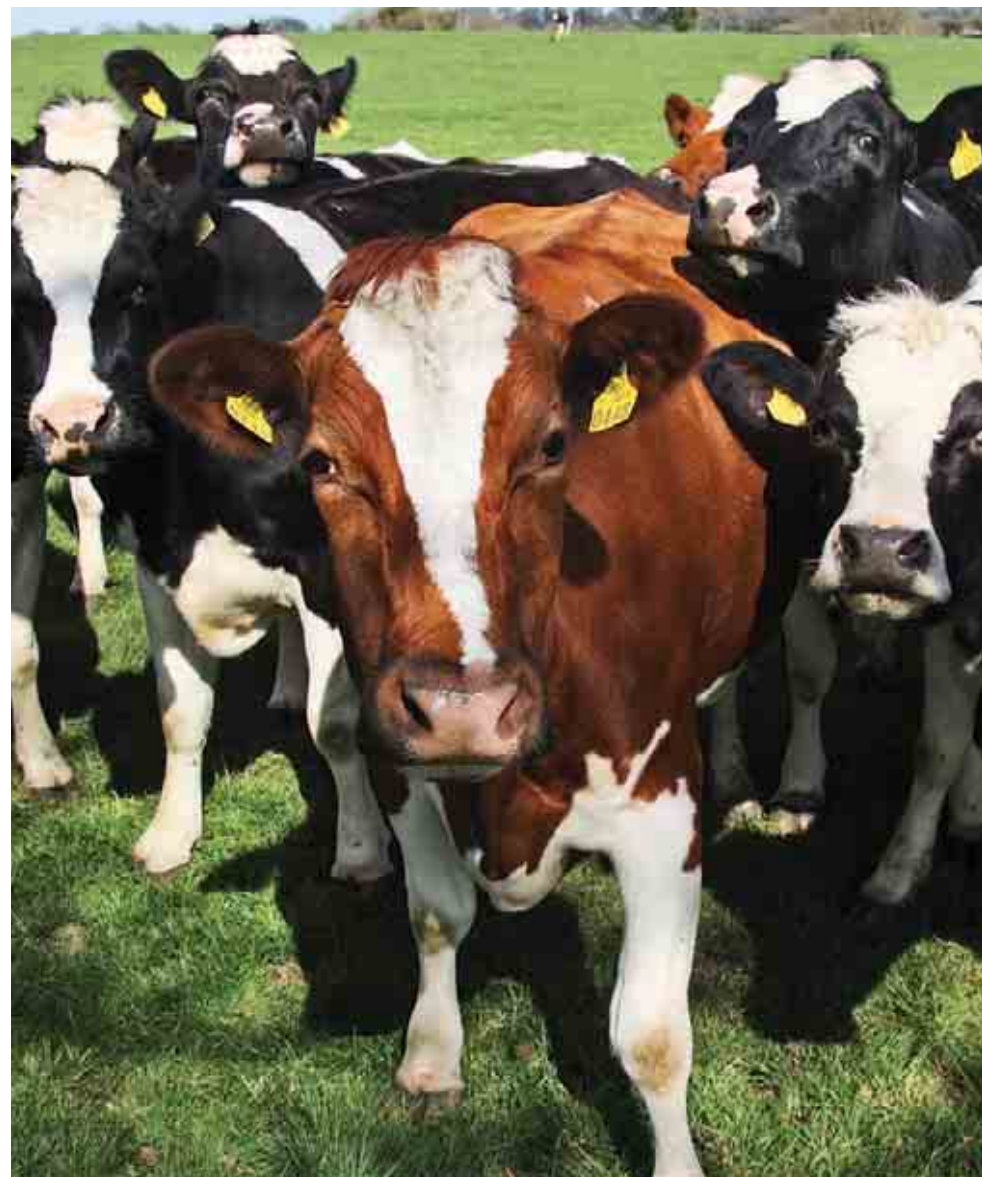
**Average farmgate prices 2009**  
Northern Ireland, UK and GB (pence/litre)



**December 2009 Northern Ireland milk league**

Milk buyer	Price/litre net of transport stg pence	Price/litre excluding 5.2% VAT euro cent	Estimated share of total milk (%)
United Dairy Farmers	25.75	28.66	56
Lakeland Dairies	23.35	25.99	14
Glanbia Milk	23.10	25.71	3
Glanbia Cheese	22.83	25.41	5
Donegal Creameries	22.77	25.34	3

\* 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 Stg89.85p.



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## US cow numbers continue to decline with further drop forecast for 2010

THE number of dairy cows reported by the USDA (US Dept Ag) for December 2009 in the US was 9.1 million. This is a decline of 3,000 cows from November, and represents a decrease of 252,000 (2.7%) from December 2008. It is also the lowest number of cows in the US since 2005.

It is anticipated that cow numbers will continue to decline further in 2010 to an average of 8.962 million head, a further drop of 1%.

Milk production in the US dropped by 0.9% for both November and December and by 0.4% for the whole

year of 2009 to 189.3 billion lbs.

This was 210 million pounds less than 2008 and is the first annual decline since 2001.

The USDA is forecasting a further decline in production of 0.4% in 2010 to 188.4 million pounds.

### MILK PRICES

Milk prices slipped in the post-Christmas period, but there are signs that point to higher milk prices as we progress through the year.

Domestic milk and dairy product sales are improving

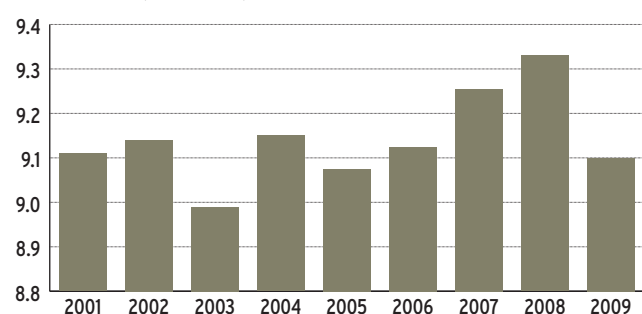
and may be up by more than 1% for the year.

One indicator of stronger cheese sales was mozzarella cheese production for last November, which was up 7.5% from a year ago to meet higher demands from pizza makers.

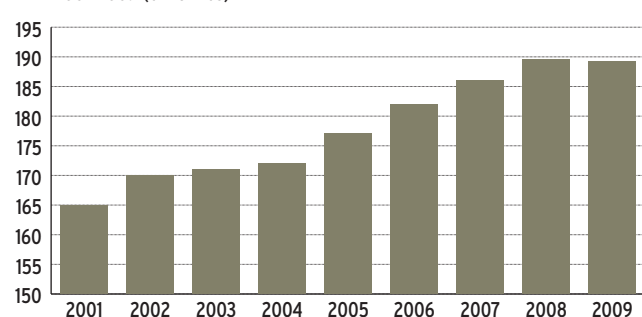
On the world market, prices have reached their peak for now, and dairy products are slow to move at present with traders waiting to see how the market develops. We will then have to see an increase in demand to drive any further increase in price.

**Dairy product sales are improving and may be up by more than 1% for the year. One indicator of stronger cheese sales was mozzarella production for last November**

**USA dairy cow numbers**  
2001-2009 (million head)



**USA annual milk production**  
2001-2009 (billion lbs)



### IN BRIEF

#### China fails to get a grip on melamine

AUTHORITIES in the southwestern province of Guizhou have, for the third time,

found products manufactured by three companies which contained illegally high levels of the toxic substance.

The three companies involved, in separate locations across north and east China were Zibo Lusaier, Tieling Wuzhou Food Company and the Laoting Kaida Refrigeration Co.

Nobody from the three companies would comment on the news, but the former chairman of the Guangdong Provincial Dairy Association in southern China sug-

gested that 'leftover' tainted dairy goods were likely circulating despite the recall.

"The problems were not totally solved and it is inevitable to see new problems arising," he said.

The report by the *China Daily* also quoted a former dairy official as saying that it was likely that more tainted milk products remained on supermarket shelves, despite the major recall after the 2008 scandal, which highlights China's persistent food safety problems.

#### German farmers protest against low milk prices

ABOUT 6,000 dairy farmers and 700 tractors were in downtown Berlin last Monday.

Farmers claim that 20% of them could go out of business this year because of low milk prices.

The German farm organisation is demanding a rescue package and, as the next parliamentary elections are only four months away, the German government has in-

dicated that it will push through tax breaks to help the ailing farmers.

A finance spokesman has estimated that the proposed tax cuts would cost the government €525m.

#### FrieslandCampina forecasts vision of dairy industry

THE head of FrieslandCampina has unveiled a vision of the dairy industry in 2020.

Cees's Hart said: "By 2020, milk will be seen and handled the world over as

one of the most valuable foods.

"As well as being used in new and differing ways in the food industry, dairy components could have a significant future role in cosmetics and clothing. Food packaging products made from dairy ingredients could provide an alternative to petroleum-based packaging products."

About 450 research experts, who also work with leading institutes and universities, are involved in the innovation centre.