

Connacht Gold holds top spot

Glanbia, Dairygold and Clona complete division one



JOHN BOYLAN
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CONNACHT Gold comes out as the clear winner of the July/August liquid milk league with its milk price of 33.82c/l.

Glanbia, Dairygold and Clona complete division one, all paying above 31.80c/l.

Centenary/Thurles tops the second division, with 30.92c/l, followed by Arrabawn, Monaghan, Kerry, and Donegal, paying between 30.92c/l and 29.69c/l.

Wexford is alone in the third division with price of 28.91c/l.

Monaghan is paying the best July-August milk price of 30.05c/l, while Donegal is bottom, paying just 24.87c/l.

Table 1: July/August liquid milk league

July/Aug 2010	12-mth rolling average	July price	August price	July/Aug avg price	League position for average July/Aug	12-mth milk payment for average farmer supplying 230,000 litres
DIVISION 1						
Connacht Gold	33.82	29.72	29.72	29.72	2	€77,788.11
Glanbia	31.84	28.62	29.12	28.87	4	€73,225.87
Dairygold	31.84	28.62	29.12	28.87	4	€73,225.48
Clona Dawn	31.83	28.70	29.20	28.95	3	€73,218.97
DIVISION 2						
Centenary/Thurles	30.92	28.22	28.22	28.22	9	€71,123.67
Arrabawn	30.26	28.23	28.23	28.23	8	€69,594.74
Monaghan	29.94	30.05	30.05	30.05	1	€68,862.00
Kerry	29.89	28.36	28.36	28.36	7	€68,741.83
Donegal	29.69	24.87	24.87	24.87	10	€68,287.00
DIVISION 3						
Wexford	28.91	28.65	28.78	28.72	6	€66,500.28

Continued growth in demand for global dairy products

THERE is scope for ongoing growth in demand for dairy products. In the EU, the economic recovery has taken place at a different pace in different countries, but it has already created stronger consumer confidence, which has also led to a modest growth for most dairy products.

In the US, the situation is less clear, but the constant growth in population is still a driving force for dairy consumption.

In emerging markets, both population and economic growth are the driving forces and, here, the recovery after the financial crisis has been faster and has led to a much greater recovery in sales of a wide range of dairy products.

Despite the fact that most of the dairy products in emerging markets are produced locally, increased volumes are also supplied from international trade, and have continued to increase.

After stocks have been run down in Oceania and the US, the EU has regained its role as a major supplier to the world market, second only to New Zealand.

The strong euro is the biggest obstacle to EU sales, as it gives the US an effective free export refund to compete on the world market, but lack of supplies from other sources is also helping to keep the US in the market.

The EU exported substan-

The constant growth in population in the US is still a driving force for dairy consumption

tially more cheese and SMP in the first half of 2010 than in the same period the year before.

In the US, the continued strength in demand for cheese and relatively tight supplies of butter are supporting higher forecast prices for both the remainder of 2010 and 2011.

Demand for SMP improved as the year progressed and the overhang in intervention is unlikely to create any problems. Less WMP was produced in that period but the situation reversed later in the year as prices increased.

Butter demand remains firm as more milk is finding its way into fresh products for local consumption.

The US all-milk price is forecast to average \$16.55 per 100lbs (26.44c/l) for 2010 and into 2011. The higher feed prices will slow growth in milk production per cow and also cut cow numbers.

USA yogurt sales rise in August

ACCORDING to the US Department of Agriculture's dairy production report for August, yogurt production increased by 38.1 million lbs (11.8%) from the previous year.

Production for the year to date is up by 8.1% to 361.5 million lbs (Figure 1).

Total cheese production is up by 29.9 million lbs (3.5%) to 880.6 million lbs.

SMP and NFDM were up by 17 million lbs (14.7%) to 135.5 million lbs.

Butter production for August increased by 596,000 lbs (0.6%) to 101.6 million lbs, although production to date this year continues to decline.

Figure 1
US monthly yoghurt production

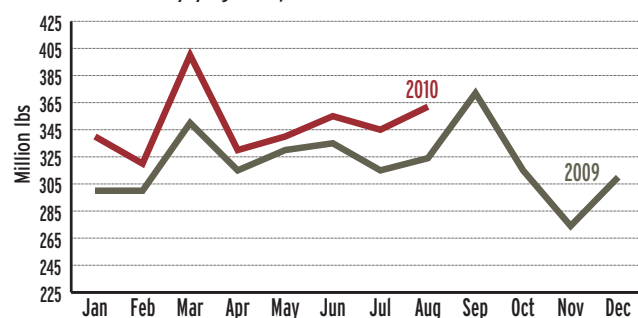


Table 3: Dutch quotes per tonne

	1 January 2010	13 October 10
Butter	€3,150	€3,770
WMP	€2,520	€2,720
SMP	€2,030	€2,200
Whey powder	€700	€690

Improvement in EU milk prices

THE average milk price for August 2010, according to the LTO Netherlands European milk league, is 28.81c/l when converted to 3.6% bf and 3.3% pr. This is 24.1% above the average for August 2009.

Finnish co-op Hameenlinnan have moved further out in front with their milk price of 34.08c/l. Pressure from French farmers has forced their co-ops into agreements with the supermarkets,

which yield prices of 31.58c/l from Danone, 31.05c/l from Lactalis and 30.36c/l and 30.16c/l from Sodial and Bongrain, respectively. Granarolo in Northern Italy is also paying above the 30c/l price.

Table 2: August milk prices around Europe

Company	August milk price (c/l, converted to 3.6% Bf and 3.3% Pr)	August milk price this month @ 4.2% Bf and 3.3% Pr	12-mth rolling ave (converted to 3.6% Bf and 3.3% Pr)	Rolling av in last 12 mths c/kg @ 4.2% Bf and 3.4% Pr
Milcobel BE	29.30	33.23	26.88	30.48
Alois Müller DE	28.27	32.06	25.39	28.79
Humana Milch Union eG DE	28.03	31.79	24.38	27.65
Nordmilch DE	28.03	31.79	24.37	27.64
Arla Foods DK	27.31	30.97	26.25	29.77
Hämeenlinnan				
Osuusmeijeri FI	34.08	38.65	32.10	36.4
Bongrain CLE				
(Basse Normandie) FR	30.16	34.2	26.56	30.12
Danone (Pas de Calais) FR	31.58	35.81	27.24	30.89
Lactalis (Pays de la Loire) FR	31.05	35.21	26.32	29.85
Sodial FR	30.36	34.43	26.83	30.43
Dairy Crest				
(Davidstow) GB	26.69	30.27	24.42	27.69
First Milk GB	24.05	27.27	21.16	23.99
Glanbia IE	26.41	29.95	24.91	28.25
Kerry IE	26.31	29.84	24.09	27.32
DOC Kaas NL	28.00	31.75	25.36	28.76
Friesland Campina NL	31.34	35.54	26.30	29.82
AVERAGE AUGUST MILK PRICE				
Granarolo (North) IT	28.81	32.67	25.78	29.24
Fonterra (5) NZ	30.89	35.03	30.32	34.38
USA (3) US	25.65	29.09	21.74	24.65
USA (3) US	25.94	29.42	22.08	25.04

Joint contract for farmers to supply green energy in the Netherlands

FRIESLANDCAMPINA and energy company Essent have joined forces to harness green energy that can be produced by the co-op's members.

The joint venture follows an earlier contract under which Essent supplies energy to FrieslandCampina. That contract stipulates that FrieslandCampina will, in turn,

give energy back to Essent from a combined heat and power plant.

Dairy farmers are looking at, or are already involved in, projects such as solar panels, biogas plants and wind turbines. They can use the energy or sell it to the grid.

They will also be able to sell the green certificates to

FrieslandCampina to allow all parties in the food chain to lower their carbon footprint.

The agreement is based on FrieslandCampina getting 15% of its energy needs from renewable sources this year, 25% next year. This is with forecast to grow to 100% by 2020.

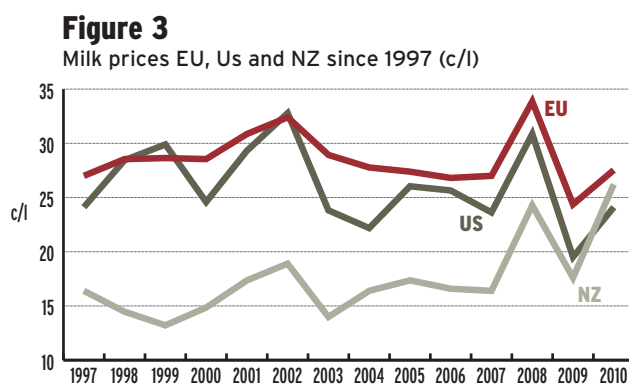
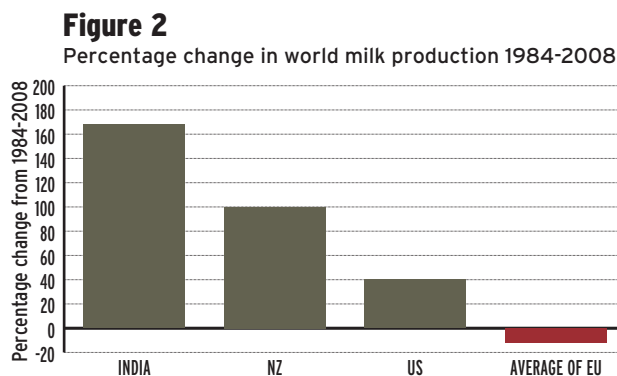
World milk prices converge at 1997 EU levels

Milk prices in Ireland and the US are the same now as they were in 1997 despite some fluctuations in the meantime, while production and compliance costs have soared. In 1997, the price paid to the dairy farmer in the EU was 27.53c/l. In the US, that price was 24.11c/l but the New Zealand farmer received only 16.39c/l. This year, the NZ farmer's price of 26.65c/l has overtaken the current US price of 24.10c/l and is heading towards the EU price of 27.53c/l.

QUOTA REGIME

For anyone who still advocates the retention of the quota regime, it is worth noting the following:

- Milk production in New Zealand increased from 7,624,250 tonnes in 1984 to 15,216,840 tonnes in 2008 — an increase of 100%.
- In India, milk production increased from 16,500,000 tonnes in 1984 to 44,100,000 in 2008 — an increase of 168%.
- US milk production increased from 61,439,000 tonnes in 1984 to 86,128,896 tonnes in 2008 — an increase of 40%.
- While statistics are not to



Milk prices in Ireland and the US are the same now as 1997.

hand for 1984, from 1999 to 2008, Central and South America milk production increased from 57,517,000 tonnes to 74,839,000 tonnes in 2008 — a rise of 30%.

- South East Asia increased production by 29,040,000 tonnes from 1999 to 2008, an increase of 147%.

While it is not possible to

compare Europe over the same period, because of the increase in the number of countries in the EU, the following figures will give an indication of where production is in the European dairy industry:

- France produced 28,479,056 tonnes of milk in 1984 and

24,561,000 tonnes in 2008 — a decrease of almost 14%.

- The Netherlands produced 12,782,000 tonnes in 1984 and 11,285,910 tonnes in 2008 — a reduction of 11.7%.
- Denmark produced 5,234,000 tonnes in 1984 and 4,720,000 in 2008 — a reduction of 9.8%.
- Milk production in Ireland in

1984 was 5,736,500 tonnes and 5,352,623 in 2008 — a reduction of 6.34%.

In the period when EU farmers were not allowed to increase production at all, farmers in New Zealand increased production by 100% and US farmers by 40%.

In the same period, world

milk production increased by 126,438,488 or 85% of the total EU quota. There is only one world dairy market, and consumption of dairy products is growing faster than world milk production. This will leave the EU falling even further behind by the time quotas are abolished.

was not found to be statistically different from pre-exercise levels.

Improved yogurt texture

CHR Hansen — a leading supplier of dairy cultures throughout the world for 130 years — has launched new cultures to specifically improve the texture and mouth-feel of drinking yogurts.

The new cultures were introduced in the YoFlex and Nu-Trish ranges. The products include cultures that work just on the texture of drinking yogurts.

Yogurt drinks are increasingly popular, especially in Europe and South America, but they pose a new set of challenges for formulators.

Some of the thickness and smoothness can be lost during processing and formally, would have required the addition of thickeners, but this will not have to happen any more, as the new cultures will reduce the mechanical processing.

Fonterra increase capacity for UHT production

FONTERRA has completed a NZ\$8m (€4.32) expansion to its UHT plant in Takanini, Auckland. This is an increase in capacity of 30%, which will bring the total throughput of the facility to 30 million litres.

New Zealand's production of UHT has grown from five million litres in 1980 to 60 million litres in 2009.

Most of this milk is exported to Asia and the Pacific region where there has been a big increase in consumption.

Vietnamese company takes stake in NZ plant

VINAMILK, Vietnam's leading milk processor with a 75% market share of the country's milk distribution, has been given the green light to buy a 19.3% stake in the proposed NZ\$120m NZ-based, Maori-owned Miraka dairy company.

The plant, situated in the Taupo region of the North Island, is expected to process 32,000 tonnes of milk powder mainly for export and is due to be in operation by August 2011.

Meanwhile, at home, Vinamilk is investing 5bn VND (€186m) to build three processing plants before 2012.

Two plants in the Binh Duong province will produce 800 million litres of liquid milk and a 50,000 tonnes of powder per annum. Another plant in Da Nang will produce fresh milk and yogurt.

US study finds fluid milk carbon footprint is only 2%

A carbon footprint study, also referred to as the Greenhouse

Gas LCA (lifecycle assessment) of fluid milk (US liquid milk), was completed in July 2010.

The research was conducted by the Applied Sustainability Centre at the University of Arkansas and conforms to the Dairy Research Institute guiding principals.

The study measured the carbon footprint of a gallon of milk from farm to table and used 2007 and 2008 data from more than 500 dairy farms and 50 processors, including milk collection.

The study will be published early next year in the peer-reviewed academic journal and shows that greenhouse gases from the dairy industry represent just 2% of total US emissions, which is way below figures published before on dairying.

German farmer opens milk filling station

A German dairy farmer, Bruno Stauf, has opened a 24-hour milk filling station in Neunkirchen-Seelscheid in the Rhein-Seig district of Westphalia.

Customers can bring their own bottles or buy bottles to fill at the station.

They can buy whatever quantity of milk they wish at 70c/l.

He expects to recoup the €12,000 cost of the station in a short period of time.

Table 4: August 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	25.28	30.76	20
Donegal Creameries	25.02	30.44	3
Lakeland Dairies	24.85	30.23	14
Glanbia Milk	24.48	29.78	2.5
Glanbia Cheese	23.90	29.08	5
United Dairy Farmers	22.62	27.52	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.

Monaghan tops NI league

MONAGHAN is top of the Northern Ireland milk league paying 25.28 ppl (30.76c/l) followed by Donegal and Lakeland paying 25.02ppl (30.44c/l) and 24.85ppl (30.23c/l), respectively.

Glanbia Milk is paying 24.48ppl (29.78c/l) and Glanbia Cheese has a price of 23.90ppl (29.08c/l) with United on the bottom paying 22.62ppl (27.52c/l).

Study claims organic milk offers no nutritional benefits

A NEW study reported in the *Journal of Dairy Science* to compare the nutritional profile of organic and BST free milks with that of conventional milks, found that there was no significant difference in nutritional content.

Scientists at Cornell University pursued the research because of concern that consumers may be misinterpreting organic and BST-free milk.

They only found statisti-

cally significant differences between the fatty acid profile of organic and conventional milk, but none of these were found meaningful.

All milks tested were considered similar in nutritional quality and wholesomeness.

To improve the nutritional profile of a milk drink, the study concluded that feeding cows supplement of fish oil or other products rich in omega 3 can improve the fatty acid profile of milk.

Chinese buying into Australian farms

A group of Chinese and Australian investors have purchased five farms and plan to add another five in Leitchville, in North Victoria, where they intend to milk 10,000 cows for organic production.

They are having discussions with Murray Goulburn and Tatua with a view to process the milk into exclusive products for the Chinese market.

Milk protein helps rehydration

A study, published in the *British Journal of Nutrition*, suggests that replacing 25g per litre of carbohydrate with milk protein in electrolyte sports drink can improve the dehydration ability of the drink by improving fluid retention.

The researchers observed that although net fluid balance for the milk protein solution was still negative, it