

Creamery league

Co-op July 2011	A	B	C	€/kg MS	Cash price net of levies, transport and conditional bonuses @ 3.6 BF and 3.3 PR	Avg co-op protein %	Avg co-op butterfat %	Protein diff per each 0.10%	B/F diff per each 0.10%	Creamery average including conditional bonuses net of levies and transport using co-op fat and protein	Ranking on avg cr fat & protein	July milk payment for farmer supplying 12% of 230,000 quota €/kg price paid
Division 1												
Boherbue				4.570	32.50	3.35	3.84	0.49	0.45	33.83	5	€9,376.58
Drinagh Co-op	6.10145	4.06763	0.037	4.545	32.49	3.38	3.80	0.63	0.42	34.23	3	€9,325.51
Dairygold	7.354	3.057	0.04	4.538	32.42	3.38	3.80	0.76	0.31	33.95	4	€9,311.70
Bandon Co-op	6.14986	4.09991	0.04	4.519	32.31	3.35	3.79	0.63	0.42	33.83	5	€9,271.95
Barryroe Co-op	6.1485	4.099	0.04	4.518	32.37	3.39	3.79	0.63	0.42	34.44	1	€9,269.65
Division 2												
Glanbia	7.2307	3.1455	0.04	4.514	32.32	3.34	3.80	0.74	0.32	33.26	7	€9,262.84
North Cork				4.513	32.45	3.31	3.74	0.50	0.30	32.92	11	€9,259.80
Kerry Group				4.512	32.32	3.31	3.71	0.63	0.31	32.73	13	€9,257.71
Arrabawn	7.4984	2.8623	0.0335	4.508	32.34	3.32	3.72	0.67	0.29	32.86	12	€9,250.76
Lisavaird Co-op	6.10145	4.06763	0.038	4.506	32.31	3.39	3.84	0.63	0.42	34.28	2	€9,245.47
Lakeland Dairies	7.46761	2.88191	0.035	4.504	32.21	3.33	3.82	0.77	0.30	33.11	8	€9,242.73
Division 3												
Tipperary Co-op				4.478	32.22	3.36	3.78	0.63	0.25	33.05	9	€9,188.13
Centenary/Thurles				4.471	32.32	3.36	3.75	0.60	0.20	32.98	10	€9,174.24
Monaghan Co-op				4.461	32.07	3.22	3.61	0.46	0.31	31.74	15	€9,153.23
Connacht Gold	7.1331	3.0601	0.04253	4.389	31.33	3.29	3.69	0.73	0.32	32.58	14	€9,006.10
Wexford				4.201	30.00	3.41	3.90	0.54	0.34	31.64	16	€8,619.78
Donegal				4.166	29.73	3.23	3.75	0.56	0.34	29.80	17	€8,547.34

Boherbue retains top spot



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Milk prices should hold for the autumn and into 2012, as

dairy markets steady and coupled with the announcement from Fonterra that they are holding their forecast of NZ \$7.20/kg milk solids (30c/l) for this season, even though there has been slippage in dairy commodity prices.

Boherbue's price of €4.57/kg milk solids keeps them top of the July league. Drinagh is second place, paying €4.545 with the help of a 0.19c/l, plus VAT top-up bonus, added to their July milk price. Dairygold, Bandon and Barryroe

complete division one, paying between €4.538/kg and €4.518/kg. Glanbia top the second division with a milk price of €4.514/kg, the same milk price as North Cork, Kerry, Arrabawn and Lisavaird, with Lakeland closing off the second division paying €4.504/kg. Tipperary's price of €4.478 puts it top of division three, followed by Centenary/Thurles, Monaghan, Connacht Gold, Wexford and Donegal, all paying between €4.471/kg and €4.166/kg.

IN BRIEF

Is EU cheese market near saturation?

Cheese has always been seen as second only to liquid milk as an end use for milk produced in Europe, but Mark Voorbergen, in a new Rabo-Bank report, is questioning if there is much growth left in the EU cheese market, which is the largest cheese market in the world.

Although this market is still growing, the rate of growth is declining and present annual growth is projected to be only 0.6% annually between 2011 and 2015. Competition between cheesemakers and pressure from supermarkets is also driving down margins for cheese manufacturers.

In the past, the return from cheese and whey were both

higher and more stable than the return from butter and powder, but with emerging markets demanding powders for both instant use and their incorporation in other food, the market for powder may have more potential.

If cheese manufacturers are to expand and consume a greater percentage of the milk from post quota expansion, they will have to improve the level of added value in the retail market.

They will also have to develop more ingredient solutions for customers and target growth outside the EU, where cheese is not traditionally eaten.

There will have to be more consolidation within that industry and more links will have to be developed with higher end users and caterers across the world. Customers in retail, food service and further processing will only

pay a premium or contract longer-term deals if they are offered a unique service.

In theory, the cheese market should be more resilient when surpluses occur, but the experience in Britain is not bearing this out.

Levies not deducted from league prices

IN the transition to publishing the milk solids prices as A+B-C in the *Irish Farmers Journal* milk league, we will no longer deduct the statutory and IDB levies from the published price.

This will simplify the comparisons with British and EU processors, who do not show the deducted levies in their published prices. The net effect of the change this month will show an increase in price consistent with the levy paid by each milk processor.

EXPLANATORY FOOT NOTES

- Milk collected ex farm.
- Cash price is as follows: A+B-C, prices paid for each kg of fat and protein minus costs - C (processing cost).
- SCC: 400,000
- TBC: 50,000
- Dairy Board and state levies deducted by co-op will not be deducted from league prices.
- Centenary/Thurles also pays an additional 0.2c/l bonus for all milk supplied under 200,000-cell count.
- Tipperary also pays a bonus of 0.1c/l, plus VAT, for less than 200,000 SCC. This would leave 1.68 c/l of their attainable bonus available at 50,000 TBC and 400,000 SCC.
- Arrabawn has reverted from 300,000 to 400,000 for its SCC bonus.

- Dairygold has a quality bonus points system where suppliers can achieve an additional 0.4 c/l for 55 points. They pay 0.1c/l of that for milk at 50,000 and 400,000 SCC. Connacht Gold also pays 0.3c/l extra for milk under 200,000 SCC, an additional 0.3c/l for milk under 50,000 TBC and an extra 0.4c/l for suppliers with a tank capacity for seven milkings.
- Bandon, Barryroe, Lisavaird, and Drinagh also pay 0.40c/l for milk supplied below 200,000 SCC.
- Wexford have introduced a 0.35c/l levy to partially fund its buyback from Dairy Crest.
- 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 left side of the table.
- The A is the protein value, B the fat value and the -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.
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Abbott to build new plant in China

ABBOTT Laboratories which has a baby food manufacturing plant in Cootehill, on the Monaghan-Cavan border, and has its milk supplied by Town of Monaghan Co-op, is planning to spend US\$230m to build a new state-of-the-art milk powder manufacturing plant in Jiaying, China.

Abbott said that the plant would manufacture premium nutritional products for infants and children. It will employ 300 people when it starts operating in 2013. This

new facility will be Abbott's largest investment in China.

Products made at this new manufacturing facility will contain the same quality ingredients and undergo the same testing standards as Abbott products manufactured at the company's other facilities around the world.

The company has opened six manufacturing and research and development facilities in the Asia Pacific region in the past three years. Three of these facilities are in

China, which Abbott describes as the largest growth market for nutritional products in the world. Abbott expects to have \$1bn in annual nutritional product sales in China by 2014. China also continues to be an important part of Abbott's emerging market strategy. In the first half of the year, more than 26% of Abbott's sales were in emerging markets and nearly 42% of Abbott's nutritional global sales were in emerging markets.

United Dairy Farmers increase milk price

Other Northern processors' milk prices remain similar to June

United Dairy Farmers have increased their milk price by 1.5ppl (1.7c/l), which takes it to 25.84ppl (29.32c/l) — a little closer to the rest of the players.

Milk prices remained virtually unchanged from June, with all other milk processors in Northern Ireland. Lake-

Table 1: Northern Ireland milk league July 2011

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	26.85	30.46	20
Lakeland Dairies	26.85	30.46	14
Donegal Creameries	26.52	30.09	3
Glanbia Milk	26.29	29.83	2.5
Glanbia Cheese	25.95	29.44	5
United Dairy Farmers	25.84	29.32	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 88.14p sterling.

land and Monaghan both paid 26.85ppl (30.46c/l) to share top spot, followed by Donegal paying 26.52ppl (30.09c/l).

Glanbia Milk paid 26.29ppl (29.83c/l) and Glanbia Cheese,

a joint venture company between Glanbia and Leprino Foods, the world's largest manufacture of mozzarella cheese is next in line with a price of 25.95ppl (29.44c/l).

Finnish co-op tops July EU league

HAMEENLINNAN Osuusmeijeri co-op in Finland is a clear winner of the July LTO milk league. Its milk price comes to 40.52c/l when converted to cents per litre at Irish standards of 3.6% fat and 3.3% protein.

Granarolo co-op in northern Italy paid 38.12c/l to come second.

The French co-ops are next all paying between 36.54c/l and 34.82c/l.

The US price of 35.45c/l, up from 31.37c/l in June is the

biggest surprise on the July league.

Alois Muller of Germany dropped its price from June to 34.61c/l.

FrieslandCampina paid 33.18c/l, which is below the average price of 34.17c/l, but as reported here in the annual review a few weeks ago, the co-op pays a year end top up with a 13th cheque, which depends on its profitability in that year.

Kerry and Glanbia paid 32.32c/l and 32.25c/l respec-

tively and the weak milk prices in Britain are showing Dairy Crest paying just 30.02c/l, with First Milk still at the bottom at 27.70c/l.

WORLD

It is interesting to see world milk prices in line with EU prices. The US milk price for July was 35.45c/l, 1.23c/l above the average EU-LTO international league price and the milk price for NZ's Fonterra is calculated to 29.75c/l.

Table 2: LTO international milk league at 3.6% fat and 3.3% protein (c/litre)

Company	Quality adjustment	Quantity adjustment	Seasonal adjustment	Milk price July	Most recent supplementary payment	Rolling avg for last 12 months
Milcobel BE	0.73	1.37		32.83	0.42	33.20
Alois Müller DE	0.51			34.61	0.23	33.18
Humana Milch						
Union eGDE				32.99	-0.15	31.47
Nordmilch DE		0.15		33.15	0	32.14
Arla Foods DK	0.64			33.12	2.55	33.72
Hämeenlinnan Osuusmeijeri FI	2.14		-1.94	41.72	3.59	43.17
Bongrain CLE (Basse Normandie) FR	0.74			35.85	none	32.23
Danone (Pas de Calais) FR				36.09	none	32.72
Lactalis (Pays de la Loire) FR				35.93	none	32.39
Sodiaal FR	0.58			36.54	none	32.05
Dairy Crest (Davidstow) GB		0.33	-2.46	30.91	0	29.63
First Milk GB	0.55	2.06		27.7	0	26.32
Glanbia IE				32.25	0	31.14
Kerry IE				32.32	none	30.54
Granarolo (North) IT	1.15	3.42		38.12	none	36.37
DOC Kaas NL	0.05	0.34		33.41	2.64	34.72
Friesland Campina NL	0.05	0.75	-2.3	34.17	1.84	34.41
AVERAGE MILK PRICE THIS MONTH				34.22		32.91
Fonterra NZ				29.75	0	30.90
United States of America	US	0.15		35.45	none	28.85

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