

November creamery league

Co-op November 2011	A	B	C	€/kg MS	Cash price (c/l) net of VAT, 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 (c/l) including conditional bonuses net of levies and transport using co-op fat and protein	Ranking on avg cr fat & protein	Sept milk payment for farmer supplying 5% of 230,000 quota €/kg price paid
Division 1												
Lakeland Dairies	7.91825	3.0793	0.035	4.8201	34.13	3.55	4.41	0.82	0.32	43.75	1	€4,120.96
Boherbue				4.5690	32.50	3.66	4.47	0.49	0.45	38.18	5	€3,906.32
Dairygold	7.354	3.057	0.04	4.5381	32.42	3.70	4.46	0.76	0.31	38.45	4	€3,879.87
Division 2												
Drinagh Co-op	6.10145	4.06763	0.037	4.5192	32.11	3.53	4.27	0.63	0.42	37.25	8	€3,863.78
Bandon Co-op	6.14986	4.09991	0.04	4.5187	32.31	3.51	4.20	0.63	0.42	37.05	9	€3,863.31
Barryroe Co-op	6.1485	4.099	0.04	4.5176	31.89	3.50	4.26	0.63	0.42	36.82	11	€3,862.35
Lisavaired Co-op	6.10145	4.06763	0.037	4.5158	32.09	3.55	4.34	0.63	0.42	37.64	6	€3,860.84
Glanbia	7.2307	3.1455	0.04	4.5143	32.32	3.63	4.43	0.74	0.32	42.96	2	€3,859.52
North Cork				4.5127	32.45	3.58	4.34	0.50	0.30	36.07	14	€3,858.21
Kerry Group				4.5118	32.32	3.58	4.31	0.63	0.31	36.30	13	€3,857.38
Arrabawn	7.4984	2.8623	0.0335	4.5084	32.34	3.62	4.42	0.67	0.29	36.93	10	€3,854.48
Division 3												
Tipperary Co-op				4.4779	32.22	3.78	4.54	0.63	0.25	37.60	7	€3,828.39
Monaghan Co-op				4.4760	32.07	3.35	4.05	0.51	0.34	33.87	16	€3,826.79
Centenary/Thurles				4.4710	32.32	3.70	4.40	0.60	0.20	36.32	12	€3,822.53
Connacht Gold	7.1331	3.0601	0.04253	4.3891	31.33	3.42	4.23	0.73	0.32	35.24	15	€3,752.54
Wexford				4.2009	30.00	3.66	4.53	0.54	0.34	42.07	3	€3,591.58

Lakeland tops November milk league with a year end bonus



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The unconditional 2c/l year-end bonus paid on all November milk by Lakeland has brought them to the top of November's league with a milk price of €4.8201/kg. This is the third consecutive month that Lakeland has made the first division and it is the only co-op making any attempt to break the Cork co-

ops' monopoly as first division players.

Lakeland and Glanbia also pay conditional seasonal bonuses of 5c/l and 5.5c/l respectively in an effort to extend their milk intake season and lower peak supply.

These seasonal bonuses, which are not credited in the league, have brought the creamery average payouts of these two co-ops to 43.75c/l and 42.96c/l/kg respectively.

Boherbue and Dairygold are paying €4.5690 and €4.5381/kg respectively, the same milk price as last month to remain in division one.

The four West Cork co-ops hold the top slots in division two followed by Glanbia, North Cork, Kerry and Arrabawn, with milk prices be-

tween €4.5192 and €4.5084/kg.

Tipperary, Monaghan, Centenary/Thurles, Connacht Gold and Wexford are all in division three, paying from €4.4779 to €4.2009/kg.

Lakeland is the only co-op making any attempt to break the Cork co-ops' monopoly as first division players

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.
- Centenary/Thurles pays a 0.2c/l bonus for milk supplied under 200,000-cell count.
- Tipperary pays a bonus of 0.1c/l, plus VAT, for under 200,000 SCC. This would leave 1.68c/l of its attainable bonus available at 50,000 TBC and 400,000 SCC.
- Dairygold has a quality bonus points system where suppliers can achieve an additional 0.4c/l for 55

points. The co-op pays 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 0.4c/l for suppliers with a tank capacity for seven milkings.

- Bandon, Barryroe, Lisavaired and Drinagh also pay 0.88c/l for milk supplied below 200,000 SCC. The four West Cork co-ops pay 0.56c/l for milk under 50,000 TBC.
- Wexford has 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 is the fat value and the -C is the handling charge.

• The next column displays the value of a kg of milk solids calculated at the published price, using the national average protein and fat levels as per CSO, which will be updated each year. The A is the protein value, B is the fat value and the -C is the processing cost.

• The next column displays the value of a kg of milk solids at the published price and using the national average protein and fat levels as per CSO, updated each year.

World milk production continued to grow in third quarter

WORLD milk production continued to grow in the third quarter of 2011, with global supply running ahead of 2010 levels in all key export regions.

New Zealand milk production was up by 11% in the third quarter over the same period in 2010.

US milk production is expected to finish the 2011 ca-

lendar year 1.6% ahead of 2010.

All of the main milk-producing countries in South America have also increased production in 2011.

Butter prices are most vulnerable in early 2012 and will continue to be, unless NZ continues to increase their sales to China. They have doubled exports of AMF (but-

teroil) into China to 14,000 tonnes in the first 10 months of 2011.

Milk powder markets have been relatively stable. Asia continues to drive this market, although Chinese WMP imports have reduced due to higher international prices.

However, Chinese consumers prefer infant formula produced from imported

WMP rather than domestically-produced product due to food safety concerns.

The USDA is forecasting a 7% increase in WMP imports by China in 2012.

China increased its SMP imports by 43% this year.

SMP PRODUCTION

Both the EU and the US have increased SMP production in

2011 and product from here is now more competitively priced than SMP from New Zealand.

However, in 2012, SMP exports from EU are expected to contract, as a result of more of it being consumed domestically.

World cheese prices are likely to stabilise, with the possibility of further in-

creases in 2012. Demand is high in the EU, domestic consumption will absorb most of the anticipated increased production.

LESS CHEESE

New Zealand is producing less cheese because they are directing more milk to their more lucrative powder markets.

Average price of 34.22c/l in European milk league

THE average milk price in the LTO Netherlands milk league in November was 34.22c/l (Table 1) when converted to c/l at 3.3% protein and 3.6% fat. Hämeenlinna Osuusmeijeri of Finland remain top of this league, with

a milk price of 39.99c/l followed by Granarolo from Northern Italy, paying 38.37c/l. FrieslandCampina's November milk price is 35.92c/l.

Glanbia's conditional seasonal bonus of 5.5c/l is in-

cluded in this league but not in the *Irish Farmers Journal* league. The bonus brought Glanbia's price to 37.73c/l.

On the international milk price, the US milk price was 33.23c/l, with Fonterra's milk price of 27.53c/l at the bottom.

Table 1: LTO Netherlands milk league

Company & country	Quality adjustment	Quantity adjustment	Seasonal adjustment	Milk price November	Most recent supplementary payment	Rolling avg in last 12 months
Milcobel BE	0.73	1.37		31.83	0.42	33.12
Alois Müller DE	0.51			34.10	0.23	34.01
Humana Milch						
Union eG DE				34.62	-0.15	32.79
Nordmilch DE		0.15		34.17	0	32.70
Arla Foods DK	0.61			31.83	2.56	34.39
Hämeenlinna Osuusmeijeri FI				39.99	3.59	43.10
Bongrain CLE						
(Basse Normandie) FR	0.74			33.32	0	32.97
Danone (Pas de Calais) FR				32.41	0	33.16
Lactalis (Pays de la Loire) FR				32.24	0	32.91
Sodiaal FR	0.58			32.27	0	32.82
Dairy Crest						
(Davidstow) GB	0.11	0.34	2.27	34.95	0	30.48
First Milk GB	0.57	2.12		31.49	0	27.32
Glanbia IE			5.5	37.73	0	32.39
Kerry IE			32.32	0	32.00	
Granarolo (Nth) IT	1.15	3.42		38.37	0	38.06
DOC Kaas NL	0.05	0.34		34.11	2.64	35.65
Friesland Campina NL	0.05	0.75	2.45	35.92	1.84	34.88
AVERAGE MILK PRICE THIS MONTH				34.22		33.69
Fonterra (5) NZ				27.53	0	29.74
United States of America (3) US				0.15		33.23
				0		30.38

IN BRIEF

Whey prices rose by 70% in 2011

WHEY prices are supporting milk prices in the US. The price of whey increased by 70%, from \$858/tonne to \$1,452/tonne, during 2011.

Demand for the product is climbing all the time, as whey is crossing over from an ingredient to a fully-fledged long-term global growth proposition.

Its functionality and nutritional value can be clearly seen in how whey use spread from athletic and medical nutrition products to mainstream snack bars and beverages as well as the part it now plays in healthy diets.

The fact that demand is rising in both emerging and established markets will continue to keep prices at these levels for the foreseeable future.

These whey prices will put pressure on Glanbia's margins, following their latest acquisitions in the US until new sources of whey become commercially viable.

Australia continues to export dairy heifers

AUSTRALIA continues to export large numbers of dairy replacement heifers. China is the main buyer of Australia's dairy heifer exports at the moment, but there has been huge demand from Russia and increasing demand from the Middle East.

The main breeds that are being exported is Holstein and Jerseys but there are also enquiries from Pakistan for dairy crossbreds.

Dairy farmers in Australia are delighted with the extra demand and have increased the use of sexed semen in order to maintain supplies.

Global trade in dairy ingredients grows by 6.8%

ACCORDING to Fonterra's industry statistics, its global trade in dairy ingredients has continued to grow strongly, up by 6.8% to 12 million

tonnes for the 12 months to August 2011.

Trade growth was driven by powders, which were up by 12.3% for the period. The combined growth in demand for SMP and WMP is driven by demand in countries like Brazil, Mexico, China and the Philippines. Demand for powders remains strong, driven by strong growth in Asia and Brazil.

US milk prices

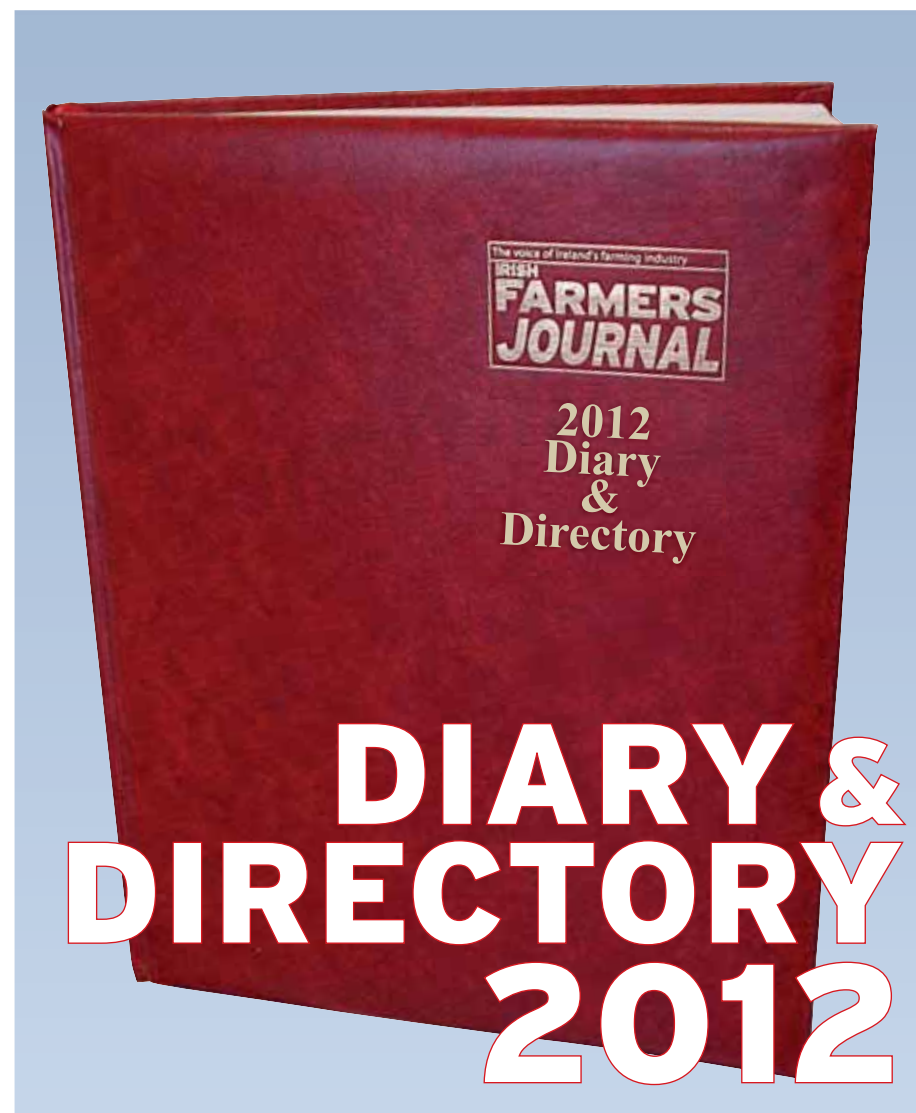
US dairy farmers are tying in more of their milk prices as the fear of volatility is greater when prices are at an all-time high. Dairy futures trading increased by 70%, led by a doubling of Class 111 options to over 84,000 positions on the CME (Chicago Mercantile Exchange) in 2011.

The USDA recorded high milk production, as well as a high level of US dairy exports and milk prices in 2011. Milk production increased by 1.7% to 89.136 million tonnes.

In the first 10 months of 2011, US dairy exports were worth \$3.96bn up by 29%, while export volumes were up by 9% from last year.

The all-milk price averaged a record high of \$20.14 (35.40c/l) for the whole year, which is a 24% increase from 2010.

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IRISH FARMERS JOURNAL



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