The Dairy Group MC*i* Report
PRESS RELEASE 27th May 2011

Milk production increases by more than double the UK rate

"The latest MCi results show the average milk output has increased by 10% over the past year which is more than double the UK rate of 4%" says Ian Powell, Director of The Dairy Group. He goes on to say "our average MCi herd now produces 1.51 million litres which is 10% higher than a year ago when the average production was 1.37 million litres. UK production has increased by 4% from 12.825 billion litres to 13.332 billion litres in the year to March 2011. Whilst UK milk production has increased by 4%, the UK rolling production is still 10% under the UK quota of 14.847 billion litres. There is clearly a balance between the rate of herds ceasing milk production (3.6% over the past year) with the rate of increased output of those remaining in the industry. It is always difficult to speculate on how the different factors will impact on UK milk output, but a key issue will be the profitability of milk production. Whilst milk price has increased by around 2.4ppl this spring, the rolling milk price to February 2011 was just 24.7ppl, with the average cost of milk production estimated to be 29.4ppl for the year to March 2011. Milk production costs are remaining high with the average feed price at £209 per tonne (+17% on the previous year), the cost of nitrogen fertiliser has increased to £320/t (+38% on last year) and the cost of diesel (+25% on a year ago). It seems likely that the average cost of milk production will be around 30ppl in 2011/12, which means that the 2.4ppl milk price increase is needed just to keep up with the high cost of milk production. Another key factor which is likely to impact on UK milk production is the NVZ deadline on slurry storage of 1st January 2012 ~ just seven months away. Many farmers have yet to look at the impact on their business and may be waiting for the Environment Agency to visit, but over the next year a number of businesses may decide that the combination of the modest reward for their hard work and the added cost of NVZ compliance will hasten their decision to cease milk production. This is not to say it is all doom and gloom as there are some very efficient milk producers with a good milk contract who are expanding milk production and investing in the future. These businesses have a clear focus on their production costs and have a strategy of where they want to take their business over the next 5 to 10 years."

	MONTHLY RESULTS		12 MONTHS ROLLING RESULTS	
	FEB 2011	FEB 2010	**FEB 2011**	FEB 2010
Daily milk yield per cow (litres)	**26.1**	25.6	**-**	-
Daily milk yield from forage per cow (litres)	**6.0**	4.7	**1978**	1830
Cows in herd	**189**	183	**189**	181
Milk yield per cow (litres)	**630**	611	**7998**	7616
Milk price per litre	**25.7**	24.0	**24.7**	24.0
Butterfat (%)	**4.13**	4.19	**4.06**	4.07
Protein (%)	**3.29**	3.29	**3.30**	3.28
Concentrates cost per tonne (£)	**209**	179	**187**	181
Concentrates use per litre (kg)	**0.34**	0.37	**0.33**	0.33
Purchased feed costs per cow (£)	**48**	43	**521**	488
Purchased feed costs per litre (pence)	**7.6**	7.0	**6.5**	6.4
Margin over purchased feed per cow (£)	**115**	105	**1461**	1348
Margin over purchased feed per litre (pence)	**18.2**	17.1	**18.3**	17.6

Monthly average results for February 2011

The average milk price was up 1.7 pence per litre on last year to 25.7 pence per litre. The average butterfat of 4.13% was down 0.06% on a year ago. Milk protein of 3.29% was the same as last year. Daily milk yield per cow was up by 0.5 litres per cow on last year to 26.1 litres per cow. Milk from forage was up by 1.3 litres per cow to 6.0 litres per cow. The average feed rate for the month was down 0.03 kg per litre on a year ago at 0.34 kg per litre, with the average purchased feed cost up on last year by £30 per tonne to £209 per tonne. The monthly Margin Over Purchased Feed was £115 per cow, which was £10 per cow higher than a year ago. The margin per litre was 18.2 pence per litre, which was 1.1 pence per litre higher than a year ago.

12 Month Rolling average results to February 2011

The rolling average yield has increased by 5% (382 litres per cow) compared with the previous year to 7998 litres per cow. The average feed rate was the same at 0.33 kg per litre, with an average milk price up by 0.7 pence per litre to 24.7 pence. The rolling Margin Over Purchased Feed (MOPF) was £113 per cow higher than a year ago at £1461 per cow. The rolling average MOPF per litre was 18.3 pence per litre, which was 0.7 pence per litre higher than a year ago.

- Ends -

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Notes to editors:

- This is a press release announcing the MCi results.
- MCi is the *The* Dairy Group dairy management system that incorporates setting targets for a herd combined with monthly monitoring, quota management, dairy costings, unit costs, direct sourcing of inputs & decision support.
- **www.dairy-mci.com**
- **www.thedairygroup.co.uk**