

The Dairy Group **MCi Report**

31st March 2015

Dairy margins fall by 23% in January 2015

“The latest MCi results show that the key performance indicator of MOPF (margin over purchased feed) has reduced by 23% in January 2015” says Ian Powell, Director of The Dairy Group. He goes on to say “the table of results show that for our average costed herd the MOPF reduced from £177 per cow in January 2014 to £136 per cow in January 2015, which was a fall of £41 per cow, equivalent to 23%. A similar magnitude of reduction over a full year would be equivalent to £110,000 for our average herd of 225 cows. Looking more closely at the January 2015 results, the milk price was down by 5.9 pence per litre (18%) to 27.5 pence per litre, with the purchased feed cost down by just 0.5 pence per litre to 8.3 pence per litre. Margin over purchased feed (MOPF) is a very good barometer of dairy herd profitability as it tracks two key benchmarks of milk price and purchased feed cost. Our analysis of specialist dairy costs for the year to spring 2014 was an average cost of production of 34.3 pence per litre and whilst some input costs have reduced, purchased feed is the single largest dairy cost, so a fall of just 0.5 pence per litre in the 12 months to January 2015 means that overall average dairy costs are likely to remain around 33 pence per litre for the 12 months ending March 2015. Whilst the recent price increase by Arla of 0.83 pence per litre from 30th March 2015 is welcome news, there remains enormous financial pressure on dairy businesses at the start of the post quota era.”

	<u>MONTHLY RESULTS</u>		<u>12 MONTHS ROLLING RESULTS</u>	
	JAN 2015	JAN 2014	JAN 2015	JAN 2014
Daily milk yield per cow (litres)	27.7	26.7	-	-
Daily milk yield from forage per cow (litres)	6.9	5.9	1902	1839
Cows in herd	230	208	225	199
Milk yield per cow (litres)	710	723	8208	8023
Milk price per litre	27.5	33.4	31.4	31.7
Butterfat (%)	4.15	4.11	4.02	4.05
Protein (%)	3.35	3.33	3.31	3.27
Concentrates cost per tonne (£)	216	240	228	248
Concentrates use per litre (kg)	0.36	0.35	0.34	0.34
Purchased feed costs per cow (£)	59	64	680	719
Purchased feed costs per litre (pence)	8.3	8.8	8.3	9.0
Margin over purchased feed per cow (£)	136	177	1899	1827
Margin over purchased feed per litre (pence)	19.3	24.5	23.2	22.8

[Monthly average results for January 2015](#)

The average milk price was down 5.9 pence per litre on last year to 27.5 pence per litre. The average butterfat of 4.15% was 4 points higher than last year. Milk protein of 3.35% was up 2 points on a year ago. Daily milk yield per cow was up by 1 litre per cow on last year to 27.7 litres per cow. Milk from forage was up by 1.0 litre per cow to 6.9 litres per cow. The average feed rate for the month was up 0.01 kg per litre on a year ago at 0.36 kg per litre, with the average purchased feed cost £24 per tonne lower than last year at £216 per tonne. The monthly Margin Over Purchased Feed was £136 per cow, which was £41 per cow (23%) lower than a year ago. The margin per litre was 19.3 pence, which was 5.2 pence per litre lower than a year ago.

[12 Month Rolling average results to January 2015](#)

The rolling average yield has increased by 185 litres per cow compared with the previous year to 8208 litres per cow. The average feed rate was the same at 0.34 kg per litre, with the average milk price down by 0.3 pence per litre to 31.4 pence. The rolling Margin Over Purchased Feed (MOPF) was £72 per cow higher than a year ago at £1899 per cow. The rolling average MOPF per litre was 23.2 pence per litre, which was 0.4 pence per litre higher than a year ago.

- Ends -

[For further information please contact:](#)

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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.
- www.dairy-mci.com
- www.thedairygroup.co.uk