

The Dairy Group

MCi Report

1st November 2016

Dairy margins continue to fall

“The latest MCi results show that the key performance indicator of MOPF (margin over purchased feed) continues to fall” 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 12 month rolling MOPF reduced from £1,603 per cow in August 2015 to £1,361 in August 2016, which was a fall of £242 per cow (15%) and close to the previous low of £1,340 per cow in April 2010. Looking more closely at the August 2016 results, the milk price was down by 2.9 pence per litre (12%) on last year to 21.4 pence per litre, with the purchased feed cost up by 0.1 pence per litre to 6.5 pence per litre, giving a MOPF of 14.8 pence per litre, which was 18% lower than August 2015. The 12 month rolling results show that milk yield was up slightly on a year ago at 8,273 litres per cow, with milk price down 4 pence per litre (15%) to 23.0 pence per litre. The feed rate has remained the same at 0.33 kg per litre, but with feed cost reducing by £20 per tonne has reduced the feed cost per litre by 0.9 pence per litre to 6.7 pence per litre. MCi dairy costings provides a very quick and effective way of measuring a wide range of key performance indicators and bench marking where improvements can be made. The range in herd performance is huge, from a margin over purchased feed at the bottom of £552 to £2,607 at the top. However, milk price is a significant factor and using the same average rolling milk price of 23 pence per litre gives a range in herd margin from £971 per cow to £1,777 per cow. Whilst milk price is critical in farm profitability there remains enormous scope for improvements in technical performance”.

| | MONTHLY RESULTS | | 12 MONTHS ROLLING | |
|---|-----------------|----------|-------------------|----------|
| | AUG 2016 | AUG 2015 | AUG 2016 | AUG 2015 |
| Daily milk yield per cow (litres) | 24.6 | 25.6 | 26.3 | 27.0 |
| Daily milk yield from forage per cow (litres) | 6.3 | 8.3 | 2737 | 2409 |
| Cows in herd | 221 | 222 | 218 | 220 |
| Annual milk yield per cow (litres) | 642 | 671 | 8271 | 8243 |
| Milk price per litre (litre) | 21.4 | 24.3 | 23.0 | 27.0 |
| Butterfat (%) | 3.99 | 4.00 | 4.12 | 4.05 |
| Protein (%) | 3.29 | 3.30 | 3.30 | 3.32 |
| Concentrates cost per tonne (£) | 188 | 202 | 193 | 213 |
| Concentrates use per cow (kg) | 221 | 202 | 2706 | 2720 |
| Concentrates use per litre (kg) | 0.34 | 0.29 | 0.33 | 0.33 |
| Purchased feed costs per cow (£) | 42 | 43 | 553 | 623 |
| Purchased feed costs per litre (pence) | 6.5 | 6.4 | 6.7 | 7.6 |
| Margin over purchased feed per cow (£) | 97 | 121 | 1361 | 1603 |
| Margin over purchased feed per litre (pence) | 14.8 | 18.0 | 16.4 | 19.5 |
| Margin over all feed (£/cow) | 75 | 98 | 1078 | 1322 |

Monthly average results for August 2016

The average milk price was 2.9 pence per litre lower than last year at 21.4 pence per litre. The average butterfat of 3.99% was 1 point lower than last year. Milk protein of 3.29% was down 0.01% on a year ago. Daily milk yield per cow was down by 1.0 litre per cow on last year to 24.6 litres per cow. Milk from forage was down 2 litres per cow to 6.3 litres per cow. The average feed rate for the month was 0.05 higher than the same month a year ago at 0.34 kg per litre, with the average purchased feed cost £14 per tonne lower than last year at £188 per tonne. The monthly Margin Over Purchased Feed was £97 per cow, which was £24 per cow lower than a year ago. The margin per litre was 14.8 pence, which was 3.2 pence per litre lower than a year ago.

12 Month Rolling average results to August 2016

The rolling average yield was up 28 litres per cow on last year at 8,273 litres per cow. The average feed rate was the same at 0.33 kg per litre, with the average milk price down by 4 pence per litre to 23.0 pence. The rolling Margin Over Purchased Feed (MOPF) was £242 per cow lower than a year ago at £1361 per cow. The rolling average MOPF per litre was 16.4 pence per litre, which was 3.1 pence per litre lower 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.
- www.dairy-mci.com
- www.thedairygroup.co.uk