

The Dairy Group **MCi Report**

30th December 2016

As margins continue to fall look at your options

“The latest MCi results show that the key performance indicator of MOPF (margin over purchased feed) continues to fall and has reduced to the lowest level since April 2010” 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 to £1,341 (September 2016) which was 33% lower than the peak margin of £1,992 per cow in May 2014. Our average costed farm lost 3.1ppl in the year to March 2016 and our forecast for the year to March 2017 is for a similar loss. Not surprisingly UK milk output has fallen by 0.5 billion litres in the last 6 months, which is also reflected in our average costed farm, with herd size reducing by 2.3% and milk yield down by 1.4% over the past 12 months. Some milk buyers have recognised the increased market value, but the average rate of milk price increase lags way behind the market, which leaves many dairy farmers with little option other than to find a milk buyer who is willing to pay a higher price, Some processors are describing this as a ‘dash for cash’, but for many farmers it is more to do with business survival. Milk pricing systems have become incredibly complicated over the past 12 months, with our own milk price model needing to be continuously updated, with the ‘standard litre’ milk price league table often not reflecting the reality for a particular farm due to actual milk quality, milk profile payments, historic production limits and accuracy incentives. Before changing milk buyer the first step is to look at how the milk price of the alternatives compares with the current buyer based on your own milk supply over the past 12 months and your forecast supply over the next 12 months. The best indicator of milk price is what has actually been paid over the past 12 months and how does this compare? If the alternative milk buyer looks more attractive how sound is the prospective buyer – company accounts and credit rating? With 30 months of a milk price decline there is an urgent need for dairy farmers to restore their cash balances so that they are ready to face the next challenge”.

	MONTHLY RESULTS		12 MONTHS ROLLING	
	SEP 2016	SEP 2015	SEP 2016	SEP 2015
Daily milk yield per cow (litres)	24.4	25.6	25.9	26.2
Daily milk yield from forage per cow (litres)	6.6	7.5	2825	2409
Cows in herd	218	225	216	221
Annual milk yield per cow (litres)	627	653	8132	8247
Milk price per litre (litre)	22.4	24.5	22.9	26.5
Butterfat (%)	4.05	4.11	4.11	4.06
Protein (%)	3.29	3.37	3.30	3.33
Concentrates cost per tonne (£)	188	200	190	211
Concentrates use per cow (kg)	212	209	2520	2722
Concentrates use per litre (kg)	0.33	0.32	0.31	0.33
Purchased feed costs per cow (£)	41	45	521	615
Purchased feed costs per litre (pence)	6.5	6.9	6.4	7.5
Margin over purchased feed per cow (£)	101	116	1341	1574
Margin over purchased feed per litre (pence)	15.9	17.7	16.4	19.1

Monthly average results for September 2016

The average milk price was down 2.1 pence per litre on last year to 22.4 pence per litre. The average butterfat of 4.05% was 6 points lower than last year. Milk protein of 3.29% was down 0.08% on a year ago. Daily milk yield per cow was down by 1.2 litres per cow on last year to 24.4 litres per cow. Milk from forage was down 0.9 litres per cow to 6.6 litres per cow. The average feed rate for the month was 0.01 kg per litre higher than last year ago at 0.33 kg per litre, with the average purchased feed cost £12 per tonne lower than last year at £188 per tonne. The monthly Margin Over Purchased Feed was £101 per cow, which was £15 per cow lower than a year ago. The margin per litre was 15.9 pence, which was 1.8 pence per litre lower than a year ago.

[12 Month Rolling average results to September 2016](#)

The rolling average herd size has decreased by 2.3% to 216 cows in herd, which combined with a yield decrease of 1.4% to 8,132 litres per cow results in a reduction in milk output of 3.7%. The average feed rate has decreased to 0.31 kg per litre, with the average milk price down by 3.6 pence per litre to 22.9 pence. The rolling Margin Over Purchased Feed (MOPF) was £233 per cow lower than last year at £1341 per cow. The rolling average MOPF per litre was 16.4 pence per litre, which was 2.7 pence per litre lower 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

