

The Dairy Group **MCi Report**

8th November 2017

Dairy margins improve, but still not covering costs

“The latest MCi results show that whilst dairy margins are increasing, the rolling milk price to August 2017 was just 26.4 pence per litre” says Ian Powell, Director of The Dairy Group. He goes on to say “our latest analysis of milk production costs for the year ending March 2017 shows that the average cost of production was 30.1 pence per litre resulting in a loss after family wages of 4.1 pence per litre. This is the second year in a row when our cost of production analysis has shown a substantial loss, following the 3.1 pence per litre loss in the previous year 2015/16. Our forecast for the year to March 2018 is for the average cost of production to increase by 1.2 pence per litre to 30.8 pence resulting in a profit of just 0.1 pence per litre. Our cost of production analysis is based on actual specialist dairy farm accounts and is the full cost including rent, finance and family labour. The recent price increases have helped to pay back the increased farm debt which built up in the 2 previous low milk price years, but farmer confidence remains fragile.

	MONTHLY RESULTS		12 MONTHS ROLLING	
	AUG 2017	AUG 2016	AUG 2017	AUG 2016
Daily milk yield per cow (litres)	24.9	24.6	26.2	26.3
Daily milk yield from forage per cow (litres)	7.1	6.3	2610	2737
Cows in herd	221	221	218	218
Annual milk yield per cow (litres)	662	642	8132	8271
Milk price per litre (litre)	28.3	21.4	26.4	23.0
Butterfat (%)	4.02	3.99	4.09	4.12
Protein (%)	3.30	3.29	3.29	3.30
Concentrates cost per tonne (£)	209	188	202	193
Concentrates use per litre (kg)	0.33	0.34	0.33	0.33
Purchased feed costs per cow (£)	47	42	568	553
Purchased feed costs per litre (pence)	7.1	6.5	7.0	6.7
Margin over purchased feed per cow (£)	140	97	1579	1361
Margin over purchased feed per litre (pence)	21.2	14.8	19.5	16.4
Margin over all feed (£/cow)	120	75	1215	1078

Monthly average results for August 2017

The average milk price was 6.9 pence per litre higher than last year at 28.3 pence per litre. The average butterfat of 4.02% was 3 points higher than last year. Milk protein of 3.30% was up 0.01% on a year ago. Daily milk yield per cow was up by 0.3 litres per cow on last year to 24.9 litres per cow. Milk from forage was up 0.8 litres per cow to 7.1 litres per cow. The average feed rate for the month was 0.01 lower than the same month a year ago at 0.33 kg per litre, with the average purchased feed cost £21 per tonne higher than last year at £209 per tonne. The monthly Margin Over Purchased Feed was £140 per cow, which was £43 per cow higher than a year ago. The margin per litre was 21.2 pence, which was 6.4 pence per litre higher than a year ago.

12 Month Rolling average results to August 2017

The rolling average yield was down 139 litres per cow on last year at 8,132 litres per cow. The average feed rate was the same at 0.33 kg per litre, with the average milk price up by 3.4 pence per litre to 26.4 pence. The rolling Margin Over Purchased Feed (MOPF) was £218 per cow higher than a year ago at £1579 per cow. The rolling average MOPF per litre was 19.5 pence per litre, which was 3.1 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.
- www.dairy-mci.com
- www.thedairygroup.co.uk