

# **The Dairy Group M*Ci* Report**

## **PRESS RELEASE**

**26<sup>th</sup> January 2011**

### **Do your dairy costings meet the needs of a modern dairy business?**

“Our M*Ci* results provide a useful measure of technical performance, but with purchased feed making up just 22% of the total production cost they can’t tell us much about dairy profit” says Ian Powell, Director of The Dairy Group. He goes on to say “Our latest accounts analysis for Spring 2010 shows an average production cost of 28.2 pence per litre, and we forecast the cost to increase to 29.4 pence per litre in the year to Spring 2011. With the rolling milk price at just 24.2 pence per litre means there is a massive shortfall between production costs and milk price. The current milk price to break even would need to be 27.4 pence per litre assuming 2 pence per litre of non milk revenue (culls and calf sales). It is encouraging to see the farmer co-ops leading with their price increases from 1<sup>st</sup> February, with the Milk Link price now ahead of the non aligned liquid contracts. We have been providing dairy costings for 25 years with M*Ci* and its predecessor Milk Cheque and it really is time that dairy farmers move beyond standard historic dairy costings and at least move to gross margins and preferably to full production costs. M*Ci* provides an easy to use web based service which allows dairy costings, gross margin and profit reports on a 12 month rolling basis. It also provides an important milk forecast facility to project and monitor the herd against key performance indicators. M*Ci* is also cost effective at just £12 per month for the internet option which includes all the management reports, leagues and milk forecasting. Dairy farmers are facing a tough challenge in 2011, with rising production costs, NVZ compliance and what all dairy farmers will need is good management information which meets the needs of the modern dairy business.”

	<u>MONTHLY RESULTS</u>		<u>12 MONTHS ROLLING RESULTS</u>	
	OCT 2010	OCT 2009	OCT 2010	OCT 2009
Daily milk yield per cow (litres)	<b>24.8</b>	25.0	-	-
Daily milk yield from forage per cow (litres)	<b>6.0</b>	4.3	<b>1881</b>	1652
Daily milk yield from grazing	<b>1.0</b>	0.5	<b>610</b>	611
Cows in herd	<b>185</b>	183	<b>182</b>	180
Milk yield per cow (litres)	<b>657</b>	624	<b>7849</b>	7774
Milk price per litre (litre)	<b>25.9</b>	25.0	<b>24.2</b>	24.9

<b>Butterfat (%)</b>	<b>4.12</b>	4.10	<b>4.07</b>	4.05
<b>Protein (%)</b>	<b>3.37</b>	3.35	<b>3.29</b>	3.27
<b>Concentrates cost per tonne (£)</b>	<b>189</b>	175	<b>176</b>	186
<b>Concentrates use per cow (kg)</b>	<b>224</b>	231	<b>2617</b>	2658
<b>Concentrates use per litre (kg)</b>	<b>0.34</b>	0.37	<b>0.33</b>	0.34
<b>Purchased feed costs per cow (£)</b>	<b>45</b>	43	<b>488</b>	527
<b>Purchased feed costs per litre (pence)</b>	<b>6.8</b>	6.9	<b>6.2</b>	6.8
<b>Margin over purchased feed per cow (£)</b>	<b>126</b>	113	<b>1421</b>	1415
<b>Margin over purchased feed per litre (pence)</b>	<b>19.2</b>	18.1	<b>18.1</b>	18.1
<b>Margin over all feed (£/cow)</b>	<b>105</b>	94	<b>1194</b>	1192

### **Monthly average results for October 2010**

The average milk price was up 0.9 pence per litre on last year to 25.9 pence per litre. The average butterfat of 4.12% was up 0.02% on a year ago. Milk protein of 3.37% was up 0.02% on a year ago. Daily milk yield per cow was down by 0.2 litres per cow on last year to 24.8 litres per cow. Milk from forage was up by 1.7 litres per cow to 6.0 litres per cow, with milk from grazing the same as last year at 1.0 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 £14 per tonne to £189 per tonne. The monthly Margin Over Purchased Feed was £126 per cow, which was £13 per cow higher than a year ago. The margin per litre was 19.2 pence per litre, which was 1.1 pence per litre higher than a year ago.

### **12 Month Rolling average results to October 2010**

The rolling average yield has increased by 75 litres per cow compared with the previous year to 7849 litres per cow. The average feed rate has decreased by 0.01 kg per litre from a year ago to 0.33 kg per litre, with an average milk price down by 0.7 pence per litre to 24.2 pence. The rolling Margin Over Purchased Feed (MOPF) was £6 per cow higher than a year ago at £1421 per cow. The rolling average MOPF per litre was 18.1 pence per litre, which was the same as a year ago.

- Ends -

**For further information please contact:**

**Ian Powell**, Director, *The Dairy Group* (01823 444488)

e-mail: [ian.powell@thedairygroup.co.uk](mailto:ian.powell@thedairygroup.co.uk)

**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](http://www.dairy-mci.com)**
- **[www.thedairygroup.co.uk](http://www.thedairygroup.co.uk)**