

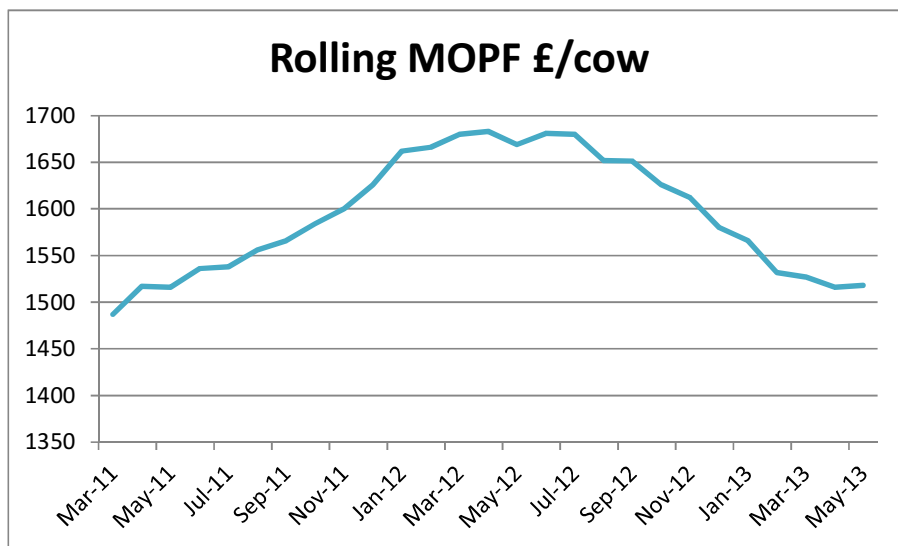
The Dairy Group MCI Report

Press release

22nd August 2013

Dairy margins fall by £30,000 in 12 months

“The latest MCI results show that the key performance indicator of MOPF (margin over purchased feed) has reduced by £30,200 over the 12 months to May 2013” says Ian Powell, Director of The Dairy Group. He goes on to say “the graph shows how the margin has fallen since May 2012 when the rolling margin was £1669 and by May 2013 had reduced by £151 per cow to £1,518 per cow. The rolling milk price has increased by just 0.8ppl over this period, whereas the rolling feed cost has increased by 1.5ppl.



The poor weather during 2012 had a huge impact on cow performance and the cost of milk production. The margin over purchased feed only reflects part of the decline in dairy herd performance. Our provisional analysis of dairy accounts for the year ending March 2013 indicates that the cost of production increased by 4.7ppl, but it will be a few more months until we have sufficient accounts data to confirm the cost increase. To restore just the lost £151 per cow margin over purchased feed would require a milk price increase of 2ppl paid on all the litres produced in the year ending May 2013. It will be interesting to see what the ‘cost trackers’ report over the next few weeks.

Our May 2013 MCI results do show a small improvement in the margin, which was up just £3 per cow on last year, so there is some indication of a recovery from the appalling 2012 results. We should also start to see the purchased feed cost fall with rapeseed meal now around £200/t and wheat at £150/t, down 23% and 32% respectively. It is important for dairy farmers to challenge their feed suppliers to make sure they benefit from the lower feed prices.”

	<u>MONTHLY RESULTS</u>		<u>12 MONTHS ROLLING RESULTS</u>	
	MAY 2013	MAY 2012	MAY 2013	MAY 2012
Daily milk yield per cow (litres)	26.6	26.5	24.5	25.8
Daily milk yield from forage per cow (litres)	8.7	9.2	1684	2144
Cows in herd	194	201	191	200
Milk yield per cow (litres)	703	708	7604	8075
Milk price per litre (litre)	29.2	27.4	28.9	28.1
Butterfat (%)	3.92	3.99	4.10	4.09
Protein (%)	3.22	3.22	3.25	3.28
Concentrates cost per tonne (£)	253	219	245	219
Concentrates use per cow (kg)	210	207	2661	2631
Concentrates use per litre (kg)	0.30	0.29	0.35	0.32
Purchased feed costs per cow (£)	56	48	685	607
Purchased feed costs per litre (pence)	8.0	6.8	9.0	7.5
Margin over purchased feed per cow (£)	150	147	1518	1669
Margin over purchased feed per litre (pence)	21.3	20.9	19.9	20.7
Margin over all feed (£/cow)	133	128	1294	1431

Monthly average results for May 2013

The average milk price was up 1.8 pence per litre on last year to 29.2 pence per litre. The average butterfat of 3.92% was down 0.07% on a year ago. Milk protein of 3.22% was the same as a year ago. Daily milk yield per cow was up by 0.1 litres per cow on last year to 26.6 litres per cow. Milk from forage was down by 0.5 litres per cow to 8.7 litres per cow. The average feed rate for the month was up 0.01 kg per litre on a year ago at 0.30 kg per litre, with the average purchased feed cost up on last year by £34 per tonne to £253 per tonne. The monthly Margin Over Purchased Feed was £150 per

cow, which was £3 per cow higher than a year ago. The margin per litre was 21.3 pence per litre, which was 0.4 pence per litre higher than a year ago.

12 Month Rolling average results to May 2013

The rolling average yield has decreased by 471 litres (5.8%) per cow compared with the previous year to 7604 litres per cow. The average feed rate has increased by 0.03 to 0.35 kg per litre, with an average milk price up by 0.8 pence per litre to 28.9 pence. The rolling Margin Over Purchased Feed (MOPF) was £151 per cow lower than a year ago at £1518 per cow. The rolling average MOPF per litre was 19.9 pence per litre, which was 0.8 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