

The Dairy Group *MCi Report*

22nd March 2016

Dairy margins continue to fall and the worst has yet to come

“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 “following 16 consecutive months of reduction since the peak of £1992 in May 2014 the latest results to January 2016 show an average margin over purchased feed of £1507 per cow ~ a reduction of £485 per cow, which is equivalent to £103,000 over a full year for our average herd of 212 cows. If this was n’t bad enough the worst has yet to come, with the spring peak in April to June likely to see a further reduction in average milk price as the seasonal penalties and ‘B’ priced milk drops the average further. Some of the ‘B’ priced payment systems are very insidious as any attempt to reduce the litres supplied can reduce the A litres in the following year, which means it may not be a simple matter to work out the marginal benefit of reducing B litres. The milk price payment systems have become ever more complex and there is an urgent need for dairy farmers to properly understand how the milk payment system works and how to get the best out of a very difficult situation. Milk buyers should provide dairy farmers with models to work out how the milk price is specifically calculated, with at least Arla providing an on line milk calculator specific to their individual suppliers.”

	<u>MONTHLY RESULTS</u>		<u>12 MONTHS ROLLING RESULTS</u>	
	JAN 2016	JAN 2015	JAN 2016	JAN 2015
Daily milk yield per cow (litres)	27.2	26.3	-	-
Daily milk yield from forage per cow (litres)	6.9	5.5	2672	2555
Cows in herd	214	213	212	210
Milk yield per cow (litres)	733	709	8237	8081
Milk price per litre	23.8	27.0	25.2	31.1
Butterfat (%)	4.20	4.13	4.08	4.02
Protein (%)	3.31	3.34	3.33	3.31
Concentrates cost per tonne (£)	197	219	203	229
Concentrates use per litre (kg)	0.35	0.36	0.33	0.34
Purchased feed costs per cow (£)	52	59	576	659
Purchased feed costs per litre (pence)	7.1	8.3	7.0	8.2
Margin over purchased feed per cow (£)	123	134	1507	1861
Margin over purchased feed per litre (pence)	16.6	18.7	18.3	23.0

[Monthly average results for January 2016](#)

The average milk price was down 3.2 pence per litre on last year to 23.8 pence per litre. The average butterfat of 4.20% was 7 points higher than last year. Milk protein of 3.31% was down 3 points on a year ago. Daily milk yield per cow was up by 0.9 litres per cow on last year to 27.2 litres per cow. Milk from forage was up by 1.4 litres per cow to 6.9 litres per cow. The average feed rate for the month was down 0.01 kg per litre on a year ago at 0.35 kg per litre, with the average purchased feed cost £22 per tonne lower than last year at £197 per tonne. The monthly Margin Over Purchased Feed was £123 per cow, which was £11 per cow (8%) lower than a year ago. The margin per litre was 16.6 pence, which was 2.1 pence per litre lower than a year ago.

12 Month Rolling average results to January 2016

The rolling average yield has increased by 156 litres per cow compared with the previous year to 8237 litres per cow. The average feed rate was down 0.01 kg per litre to 0.33 kg per litre, with the average milk price down by 5.9 pence per litre (19%) to 25.2 pence. The rolling Margin Over Purchased Feed (MOPF) was £354 per cow lower than a year ago at £1507 per cow. The rolling average MOPF per litre was 18.3 pence per litre, which was 4.7 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, supply management & dairy costings.
- www.dairy-mci.com
- www.thedairygroup.co.uk