

The Dairy Group

MCi Report

27th September 2016

Dairy margins fall to the lowest level since April 2010

“The latest MCi results show that the key performance indicator of MOPF (margin over purchased feed) 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 from £1,646 per cow in July 2015 to £1,358 in July 2016, which was a fall of £288 per cow and similar to the previous low of £1,340 per cow in April 2010. Looking more closely at the July 2016 results, the milk price was down by 3.9 pence per litre (22%) on last year to 20.8 pence per litre, with the purchased feed cost down by 0.7 pence per litre to 5.8 pence per litre, giving a MOPF of 14.8 pence per litre, which was 20% lower than July 2015. Margin over purchased feed (MOPF) is a very good barometer of dairy herd profitability as it tracks two key benchmarks of milk price and purchased feed cost. Milk revenue makes up 90% of the dairy enterprise revenue and purchased feed cost around 25% of total costs. We are approaching the start of the more expensive winter period with the price of purchased feed likely to increase this winter due to the higher price of cereals, which will put continued pressure on dairy margins over the coming months. Whilst the milk price has started to increase, the milk processors could do more to transfer more quickly the improved market returns to dairy farmers, who have suffered 30 months of milk price decline, with the rolling milk price in July down to 23.4ppl, which is 7ppl below the average cost of milk production”.

	<u>MONTHLY RESULTS</u>		<u>12 MONTHS ROLLING</u>	
	JULY 2016	JULY 2015	JULY 2016	JULY 2015
Daily milk yield per cow (litres)	24.4	26.7	25.9	26.3
Daily milk yield from forage per cow (litres)	8.2	8.7	2810	2628
Cows in herd	213	222	213	233
Annual milk yield per cow (litres)	636	682	8075	8190
Milk price per litre (litre)	20.8	24.7	23.4	27.7
Butterfat (%)	3.96	3.93	4.13	4.03
Protein (%)	3.22	3.26	3.31	3.31
Concentrates cost per tonne (£)	183	205	194	216
Concentrates use per cow (kg)	191	209	2578	2789
Concentrates use per litre (kg)	0.29	0.30	0.32	0.34
Purchased feed costs per cow (£)	37	44	531	631
Purchased feed costs per litre (pence)	5.8	6.5	6.6	7.7
Margin over purchased feed per cow (£)	95	126	1358	1646
Margin over purchased feed per litre (pence)	14.8	18.4	16.8	20.1
Margin over all feed (£/cow)	75	107	1082	1403

Monthly average results for July 2016

The average milk price was down 3.9 pence per litre (16%) on last year to 20.8 pence per litre. The average butterfat of 3.96% was 0.03% higher than last year. Milk protein of 3.22% was down 0.04% on a year ago. Daily milk yield per cow was down 2.3 litres to 24.4 litres per cow. Milk from forage was down by 0.5 litre per cow to 8.2 litres per cow. The average feed rate for the month was down 0.01 kg per litre on last year at 0.29 kg per litre, with the average purchased feed cost down £22 per tonne on last year at £183 per tonne. The monthly Margin Over Purchased Feed was £95 per cow, which was £31 per cow lower than a year ago. The margin per litre was 14.8 pence per litre, which was 3.6 pence per litre (20%) lower than a year ago.

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

The rolling average yield has decreased by 115 litres per cow (1.4%) compared with the previous year to 8,075 litres per cow. The average feed rate has decreased by 0.02 to 0.32 kg per litre, with the average milk price down by 4.3 pence per litre (16%) to 23.4 pence. The rolling Margin Over Purchased Feed (MOPF) was £288 per cow lower than a year ago at £1,358 per cow. The rolling average MOPF per litre was 16.8 pence per litre, which was 3.3 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 & dairy costings.
- www.dairy-mci.com
- www.thedairygroup.co.uk

