

The Dairy Group M*C*i Report **May 2015**

28th July 2015

Dairy margins fall by 24% in May 2015

“The latest M*C*i results show that the key performance indicator of MOPF (margin over purchased feed) has reduced by 24% in May 2015” 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 MOPF reduced from £181 per cow in May 2014 to £138 per cow in May 2015, which was a fall of £43 per cow, equivalent to 24%. Over the 12 months to May 2015 our average herd MOPF has fallen by £62,000 and will continue to fall over the coming months. Looking more closely at the May 2015 results, the milk price was down by 6.9 pence per litre (22%) to 25.0 pence per litre, with the purchased feed cost down by 0.9 pence per litre to 6.1 pence per litre, giving a MOPF of 18.9 pence per litre, which was 25% lower than May 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. Like any average we see a huge range in margin, with a key factor being the variation in milk price and in May the range from our recorded herds was from 17 p/litre to 34 p/litre, which has major implications for how dairy businesses respond to their individual circumstances and cope with the volatile market. For any business cash is paramount, so a clear understanding of the cash needs of the business and the peak borrowing requirement are essential.”

	<u>MONTHLY RESULTS</u>		<u>12 MONTHS ROLLING RESULTS</u>	
	MAY 2015	MAY 2014	MAY 2015	MAY 2014
Daily milk yield per cow (litres)	27.3	27.0	26.0	25.9
Daily milk yield from forage per cow (litres)	10.0	9.3	1965	2095
Cows in herd	215	207	224	201
Milk yield per cow (litres)	732	726	8136	8160
Milk price per litre (litre)	25.0	31.9	28.8	32.7
Butterfat (%)	3.94	3.92	4.02	4.03
Protein (%)	3.30	3.25	3.31	3.29
Concentrates cost per tonne (£)	208	232	220	241
Concentrates use per cow (kg)	208	214	2771	2697
Concentrates use per litre (kg)	0.28	0.29	0.34	0.33
Purchased feed costs per cow (£)	45	51	638	680
Purchased feed costs per litre (pence)	6.1	7.0	7.8	8.3
Margin over purchased feed per cow (£)	138	181	1714	1992
Margin over purchased feed per litre (pence)	18.9	25.1	21.1	24.4
Margin over all feed (£/cow)	120	162	1475	1746

Monthly average results for May 2015

The average milk price was down 6.9 pence per litre on last year to 25.0 pence per litre. The average butterfat of 3.94% was +0.02% up on last year. Milk protein of 3.30% was +0.05% up on a year ago. Daily milk yield per cow was up by 0.3 litres per cow on last year to 27.3 litres per cow. Milk from forage was up by 0.7 litres per cow to 10 litres per cow. The average feed rate for the month was down 0.01 kg per litre on a year ago at 0.28 kg per litre, with the average purchased feed cost down on last year by £24 per tonne to £208 per tonne. The monthly Margin Over Purchased Feed

was £138 per cow, which was £43 per cow lower than a year ago. The margin per litre was 18.9 pence per litre, which was 6.2 pence per litre lower than a year ago.

12 Month Rolling average results to May 2015

The rolling average yield has decreased by 24 litres per cow compared with the previous year to 8,136 litres per cow. The average feed rate has increased by 0.01 to 0.34 kg per litre, with the average milk price down by 3.9 pence per litre to 28.8 pence. The rolling Margin Over Purchased Feed (MOPF) was £278 per cow lower than a year ago at £1,714 per cow. The rolling average MOPF per litre was 21.1 pence per litre, which was 3.3 pence per litre lower than a year ago.

- Ends -

For further information please contact:

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

e-mail: 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 & dairy costings.
- www.dairy-mci.com
- www.thedairygroup.co.uk

