

LKL Newsletter

June 2017



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MULLER DROPS JUNE MILK PRICE 0.5PPL

Muller has reduced its standard non-aligned milk price for June, by 0.5p/litre. Non-aligned producers will receive 26.19p/litre before the supplement paid by retailers. The 0.5p cut follows Muller's decision to hold its prices for May.

DAIRY CREST AND FIRST MILK DECREASES

Dairy Crest and First Milk announced recent price cuts. Dairy Crest will drop by 1ppl in June, followed by a further drop of 1ppl in July. The Davidstow manufacturing standard litre milk price will then be held at 28ppl until September 30. First Milk has announced cuts of between 0.1ppl and 0.35ppl for May. Lake District and Haverfordwest milk pools will have the largest fall of 0.35ppl to 26.76ppl and 27.53ppl. Barber's announced it will hold its price throughout June. The Barber's Assured contract price will remain at 29.05ppl.



BARBERS HOLDS 29.91P FOR JULY

Barbers is holding its manufacturing litre milk price for July, which pays 29.91p/litre at 4.2% butterfat and 3.4% protein. From 1 June until the end of December, farmers who deliver above their basic +8% production threshold will receive the higher of the Barbers standard price or AMPE less 2p/litre.

ARLA DROPS 0.4p/LITRE OFF JUNE MILK PRICE

Arla dropped its June milk price by 0.4p/litre despite holding prices of its 9,500 producers on the Continent. The co-op's 2,500 UK producers will receive 27.73p/litre.

NZ PRICES RISE

Fonterra increased its 2016/2017 milk price by 15 cents to \$6.15/kg MS and raised its 2017/2018 forecast predicted price to \$6.50. Combined with a dividend of 40 cents giving a total return for its current year of \$6.55 - back in the black for most. NZ prices in recent years have been:

- \$8.40 - 2013/14
- \$4.40 - 2014/15
- \$3.90 - 2015/16

Dairy NZ estimates a break even for most farmers of \$5.05/kg.

AMPE - 31PPL

Reflecting strong fat markets AMPE has risen from 27.7ppl in April to 31ppl in May.

MCVE - 33.3PPL

MCVE has risen 1.5ppl during May from 31.8ppl to 33.3ppl.

MORRISONS' THREE-YEAR ARLA MILK DEAL

Morrisons has a new three-year contract with Arla to exclusively supply its own brand liquid milk. While Morrisons previously sourced most of its milk from Arla, a minority was purchased from Muller. It is thought that the decision was partly due to Arla being a farmers co-operative.

LKL FARM OPEN DAYS

Get the date in your diary!

- ◆ 6 June - Y Farms Ltd, Shepton Mallet, Somerset
- ◆ 13 June - J Pinsent & Co, Ivybridge, Devon
- ◆ 4 July - South Lynch Dairy, Hursley Estate, Nr Winchester, Hampshire
- ◆ 11 July - Heaselands Estate, Holmbush Farm, Haywards Heath, West Sussex



We have a great line up of farms, speakers and points of interest for you to come and see.

LKL Regional Managers will prepare a fresh steak BBQ for all our visitors at all open days! Your invitation will be on its way in due course.

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NEWS

BENEFITS OF DAIRY PRODUCTS

A new study, published in the European Journal of Epidemiology, questions so-called negative facts that link dairy products, saturated fat and heart health. In line with a growing body of science, the study shows that dairy has a neutral or protective association on long-term heart health. The analysis, based on 35 years worth of research, found no links between milk, total dairy, high or low-fat dairy and coronary heart disease or cardiovascular disease. If simply looked at a single nutrient we would blacklist foods, unfairly. Instead, we need to take a step back and look at all of the nutrients as a whole, as well as how they interact, to appreciate the impact milk and dairy has on health.



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DUTCH GRAZING 120 DAYS BY LAW!

The outgoing Dutch parliament adopted a motion for dairy farmers to be required legally to graze their cows outside for at least 120 days and six hours a day. It is not known yet whether the new elected parliament will endorse this proposed law.

THREE DEATHS IN A FORTNIGHT

A farmer was killed in Warwickshire on May 2, when a section of a tree he was moving with a tractor fell and crushed him. Andrew Sheppy, 68, died at his farm in Congresbury, Somerset, after a suspected fall from a ladder. On Friday May 12, 22 year old Chloe Lou Farrell died after suffering 'extensive injuries' when she was crushed by an overturned tractor. In Lancashire, an elderly farmer survived after suffering serious injuries when he became trapped between his tractor and a post-knocker.

FAT MARKETS HOLD UP GDT TO +3.2%

Demand for dairy fats continues to be strong in the latest GDT auction results. Rises of 11.2% and 8.2% in the butter and AMF indices respectively led to the 3.2% positive movement in the overall price index despite weakening SMP markets. Results of the auction suggest there are concerns over fat availability later in the year.

UKIP URGES MORE USE OF STUDENT LABOUR ON FARMS

British students should be encouraged to pick fruit and crops to reduce the need for migrant labour, according to Ukip. Its immigration spokesman, John Bickley, said reforms were needed to increase the number of home-grown workers in agriculture.



DAIRY TRADE GAP WIDENS TO £1 BILLION

The UK dairy trade gap widened in 2016 to £1,082 billion. 2016 dairy exports were up 9.4% to £1,187m with imports up 5% to £2,269m. By volume, the trade deficit increased 25% from 118,000 tonnes to 147,000. 2016 dairy exports were down 4% to 968,000t. North America's appetite for UK dairy imports grew with imports up 40%. UK butter imports were up 11% to 65,000t. 5,000t more was imported from Ireland.

DEBT BURDEN TOPS £1BN UK

Kite business data for the UK industry indicated debts had rocketed by nearly 25% over three years from £1,900 per cow in 2014 to £2,356 currently, with future projections put at £2,700, Edward Lott of Kite Consulting commented, "If you are on an aligned contract, you are exposed as retailers are wanting to see increased efficiency in their groups." He stressed the industry's debt was across all sources from banks to feed creditors and that the UK level, at 36p per litre, was relative to New Zealand at 55p and Denmark at a whopping £1.30 per litre.



COUNTRYWIDE STORES SELL-OFF

Countrywide Farmers has announced it will sell its 53 retail stores following the closure of 14 outlets in February. It has appointed PricewaterhouseCoopers to 'explore a potential sale' of the retail business. Financial results for the year ending November 30 2016, Countrywide made a £9.9 million loss after tax. It did not expect the Rural Energy - LPG or Turf and Amenity businesses to be impacted by the decision.



NEWS

DUTCH COW NUMBERS

The Dutch government has accepted all applicants to the first tranche of their dairy herd reduction scheme, with farmers receiving €300/cow. Applications so far account for 52% of the phosphate reduction target from the dairy herd. The Dutch dairy herd is expected to shrink by up to 11% this year.

WELSH DAIRY INVESTMENT

Tomlinson's Wrexham based dairy are expanding cold storage facilities with a £5m from the Welsh Government, £2m from Finance Wales and a £14.5m loan from HSBC. Tomlinson's are the biggest milk processing business in Wales with a £45m turnover.



WHEY HEY

In 2006, whey powder and butter accounted to 10% of the total income for a cheddar maker. Over the last year that value has been running at more than 15%. Generally by-product values have been growing in value. That trend is based on standard whey powder and whey butter returns and does not take into consideration the increasing number of options for whey which may make the true figures higher and rising going forwards.

BVD FREE SCHEME REACHES 1,000 HERD MILESTONE

More than 1,000 herds in England have now registered for BVDFree, a framework for farmers to work towards a BVD-Free herd status. This has been achieved with support from 100 vet practices.

PLANS TO BUILD UK SUGAR BEET FACTORY

Farmers have welcomed plans to build a state-of-the-art sugar beet factory in Yorkshire. Al Khaleej International is seeking to submit a full planning application to consult and operate a processing facility east of Knaresborough, North Yorkshire. The new factory would be about 80 miles from the nearest British Sugar plant at Newark and some 3,500 farmers would be needed to supply the plant. It would be the first sugar beet factory built in the UK for 90 years. An estimated throughput of 24,000-36,000t of sugar beet a day from September to March represents well in excess of 1,000 lorry loads daily. If the proposal wins planning permission, it would represent a massive investment for Dubai based refiner Al Khaleej Sugar. The factory would be a valuable source of by products for dairy farmers.



EU 14C/KG MILK CUT SCHEME

48,200 farmers from 27 member states applied for EU support for agreeing to cut milk output for the period October 2016 to January 2017. Under the rules of the one-off measure launched last summer €120m was allocated, which can be matched by member states. Those eligible were paid 14c/kg of milk not produced, compared with the same period a year earlier.

FRESHWAYS ROW

13 producers allege the company reclaimed a 1.5-2p/litre price increase paid in October and November 2016, after they decided a gainst signing a new contract. Sums were clawed back from subsequent milk cheques. Extra payments were promised to all of the processor's 180 dairy farmers in October last year, in a letter signed by Freshways managing director, Bali Nijjar. A contract amendment was then issued by the processor in mid November replacing the basket pricing structure with a single base price. It required producers who had given notice to rescind that notice in order to come under the new payment structure. The 13 farms contend that the October price rise was not conditional on rescinding notices and are considering legal action.



VIRTUAL JUDGING

The Staffordshire County Show is introducing video judging amid concerns that bovine tuberculosis means fewer farmers are entering cattle competitions. Video judging allows exhibitors whose farms are shut down by TB to take part without moving animals or attending the show and also encourages others to participate. Farms wanting to enter the "virtual" black and white classes had been visited and cattle filmed by video-making specialists from GB Bulls. At the show they intend to have a big screen TV.



PEOPLE CELEBRATING SPECIAL BIRTHDAYS!

John Salisbury, Krystian Wawrzyniak, Tom Moore



WELCOME TO:

FARMERS

R & J Merrett



What kind of horse comes out only after night?

A night-mare!

Why shouldn't you tell a secret on a farm?

Because the potatoes have eyes, the cereals have ears, and the beans stalk.



Why do cows have hooves?

Because they lactose!

**They say that 40 is the
new 30
Try telling that to a
speed camera!!**

What did the Buddhist ask the hot dog vendor?

"Make me one with everything."

You're not fat, you're just....easier to see

Why aren't koalas actual bears?

They don't meet the koalafications.

I asked my North Korean friend how it was there, he said he couldn't complain.

Relationships are a lot like algebra. Have you ever looked at your X and wondered Y?

If you want to find out who loves you more, stick your husband and dog in the trunk of the car for an hour.

When you open the trunk, who is happy to see you?

Never laugh at your Partner's choices...you're one of them.

What do Alexander the Great and Winnie the Pooh have in common?

Same middle name

I intend to live forever.
So far, so good. (Steve Wright)

Cole's Law: Thinly Sliced Cabbage

Sometimes I tuck my knees into my chest and lean forward.
That's just how I roll.

I'm great at multitasking. I can waste time, be unproductive, and procrastinate all at once.

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