

LKL Newsletter

September 2017



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MULLER 30PPL/ ARLA 30.79PPL

Muller has confirmed its farmgate milk price will increase to 30ppl from October 1. Arla is raising its price by 1 eurocent per kg, taking the price for UK standard milk to 30.79ppl.

MULLER £100M VOTE OF CONFIDENCE IN GB MILK FUTURE

Muller has confirmed £100m of investment in its UK dairies so that it can build an additional £700m worth of sales of dairy products made with milk from British farmers, by 2020. Muller has thus confirmed a 1.31ppl increase with effect from 1 September, taking its standard litre price to 29.00ppl.



FIRST MILK

The rise for the processor's 900 producers will be between 1p/litre and 1.1p/litre depending on milk pool taking the First Milk price to between 27.49p/litre and 29.05p/litre.



AMPE/MCVE PUT FARM PRICES AT @35PPL EQUIVALENT

AMPE figure for July of 36.7p, with MCVE at 37.1p. When 2.0ppl is deducted for transport the price is 20% less than AMPE and MCVE. The Friesland-Campina price is now over 33p, the UK is now lagging behind the rest of the EU.

GLANBIA FIVE-YEAR (28- 30PPL) FIXED MILK PRICE CONTRACT, WITH FEED OPTION

Irish co-op Glanbia has announced a five-year fixed-price milk contract, a world first. The contract allows producers to lock in 10-100% of their milk price at 31 euro cents a litre (28p/litre) at 3.6% butterfat and 3.3% protein, for five years. Glanbia's 4,800 farms will also have the option of locking into a five-year feed contract with Glanbia's feed division. Those who sign up to this will receive a €30/t (£27.30/t) loyalty discount on all dairy feed, which must be bought from the processor for the duration of the contract. Those who take up the feed loyalty scheme will receive a feed adjustor price bonus of 2-3 euro cents/litre which will take the maximum contract price to 33-34 euro cents/litre (@30ppl). Not a bad five year average price?

MULLER FUTURES CONTRACTS FOR 25% OF MILK

Muller has launched its Muller Direct Futures contract to 'help manage milk price volatility'. Under the contract, Muller Direct Farmers, the new name for non-aligned producers, can lock in up to 25% of their milk to an indexed contract linked to the UK Milk Futures Equivalent (UKMFE). Muller's aim is to launch two further phases of this offering in January and April 2018.

IRISH GRASSLAND AND GRAZING STUDY TOUR

LED BY NOEL GOWEN

WEDNESDAY 11TH AND
THURSDAY 12TH
OCTOBER

LKL and Grasstec are hosting a Grazing and Grassland Study Tour to Ireland for a seventh time to see the latest cutting edge research findings on grassland based dairy farming at Moorepark and to visit three top performing Irish commercial farms. Only **£139 + VAT (excluding flights)** includes: all meals, hotel accommodation, coach transfers and entrance to Moorepark.



To secure your place or for more information please call the office on 01722 323546.

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NEWS

BADGER CULL

Farmer groups are preparing for a large expansion of badger culling. A spokeswoman for Natural England said it had received 13 applications for culling licences in new areas for 2017. In total, more than 14,800 badgers have been culled in England since 2013. This autumn's expansion could increase the total number to more than 25,000. The NFU said removing the reservoir of disease in wildlife is an essential part of eradicating the disease in cattle.

**BUTTER AND CREAM PRICES
BREAK RECORD**

The average UK butter wholesale price jumped 13% in August to £6,150/t, 89% higher than the same month last year. EU butter prices for the week averaged €6,120/t. UK wholesale bulk cream prices rose 14% in August to £2,850/t, almost double the value of 12 months earlier. Skim milk powder fell slightly to average £1,550/t. High fat prices are being driven by rising global demand for butter.



**GRANTS FOR FARM KIT IN
WALES**

The Farm Business Grant (FBG) helps farmers by providing a 40% contribution towards capital investments in equipment and machinery. To be eligible for a one-off grant of between £3,000 and £12,000 farmers must attend a Farming Connect road show.



**BARBER'S + 1.25PPL TO
30.3PPL**

Barber's has announced two milk price rises that will take its standard litre (4.1% butterfat and 3.28% protein) to 30.3p/litre by November. The increases amount to a 0.75p/litre rise for October, followed by a 0.5p/litre gain for the processor's 150 producers in November.

EU DAIRY SMP EXPORTS

The EU posted SMP exports in May of 80,200 tonnes. Year-to-date SMP exports are up 26% to 338,600t, led by SE Asia, Mexico, China and Algeria.

**UK TO SEEK
TRANSITIONAL BREXIT**

The UK is set to seek a transitional customs agreement with the EU before Brexit. 14 farming groups, including NFU, CLA and Tenant Farmers Association are calling for the UK to remain in the customs union during any transition phase. An interim deal would allow Britain to retain unfettered access to European markets, but it would restrict the UK's ability to strike new trade deals. The phase could extend well beyond the end of the Brexit talks. Many farming organisations, as well as the Confederation of British Industry, were calling for the Brexit process to take place over a 'realistic and safe' timescale.

CHINA

In the decade to 2025, cheese consumption is expected to grow by 49%, butter by 27%, fresh milk by 13% and skim and whole milk powders - much of it for infant formula - by 85% and 40% respectively, according to the Food and Agriculture Organisation of the United Nations. Demand is being driven by an increasingly wealthy population, a Chinese government drive to promote the health benefits of dairy and a number of serious food scares have pushed many consumers to shun domestically produced milk products in favour of imported ones.



| China's Projected Dairy Consumption 2015-2025 |
|---|
| Cheese + 49% |
| Butter + 27% |
| Fresh milk products +13% |
| Skim milk powder +85% |
| Whole milk powder +40% |

Source: FAO

**DEFRA APPROVES BADGER
CULL**

Eligible farmers in the two original badger cull areas of Somerset and Gloucestershire will soon be able to apply for licences to continue culling, in order to prevent any recovery in the badger population. Natural England is to set a minimum and maximum number of badgers to be culled.

MEADOW FOODS

Meadow Foods has announced the acquisition of Fayrefield Liquids.

NEWS

3 AUGUST FARM DEATHS

Three people were killed in farming-related accidents last month. In County Durham, a farmworker was killed while baling straw. In Lancashire, a former farmer John Leverton, 70, was fatally injured while loading a bull into a wagon at a livestock market. In Devon, a 64-year-old man was killed when his 1950s Ferguson T20 tractor overturned.

**COTTESWOLD DAIRIES
FREE RANGE MILK**

Cotteswold Dairies, which launched free-range milk, have Asda now stocking its free-range milk brand from cows guaranteed 180 days and nights outdoor grazing a year.



**POST BREXIT, FILL THE
DAIRY IMPORT GAP**

Displacing imports of dairy products post-brexit will be a key target for the UK dairy sector. The UK has the second largest dairy deficit in the world. For Cheddar, the UK had a trade deficit of 22,000 tonnes in 2016, with 80% coming from Ireland. A World Trade Organisation tariff of £1,400/t would mean UK manufacturers could feasibly produce cheese at a lower cost than Irish production plus tariffs. The 22,000t would require 200 million litres of milk. For yoghurt, the trade deficit reached 126,000t in 2016. The UK would need between 130m and 150m extra litres of milk and investment in processing capacity to displace these yoghurt imports.

**FREE ATV TRAINING FOR
YOUNG FARMERS**

ATV manufacturer Honda has teamed up with the National Federation of Young Farmers Clubs to offer free maintenance and safety training to all club members between October and January.



**MORRISONS DEDICATED
SUPPLIERS TO GRAZE
120 DAYS**

Morrisons has announced changes to its Milk for Farmers range, with extra money paid by consumers going to a dedicated group. Fifty farmers have chosen to supply the range and have signed up to additional welfare requirements beyond the Arlagarden standards, including a commitment to 120 days grazing. The brand was launched in 2015, allowing consumers to choose to pay an extra 10ppl which went to farmers. It faced criticism from some as the payment was shared with all Arla farmers across Europe. The 10ppl will now be spread only among 300 Morrisons suppliers, including the 50 dedicated farmers. Some other Arla members may feel aggrieved. The 50 Milk for Farmers' suppliers will be paid a 'little extra' for grazing. The requirements include reporting welfare indicators and antibiotic use, with farmers restricting their use of routine treatments and so-called critically important antibiotics.

**#PROUDOFDAIRY
CAMPAIGNS**

Producers have rallied behind a #ProudOfDairy hashtag on social media. Dairy farmers turned their hands to film-making to shoot short clips showing why they are proud to work in the industry. The campaign took place during a week of action by animal rights activist and vegan groups to coincide with World Plant Milk Day on 22 August. Vegan campaigners used the day to promote soya milk and other dairy alternatives across the media and online. It follows an Advertising Standards Authority ruling that a vegan advertisement was not misleading, despite claiming "humane milk is a myth".

**COUNTRYFILE DAIRY BULL
CALF CULLING STORY**

Countryfile has been criticised following a story which suggested tens of thousands of dairy bull calves were routinely shot at birth. NFU dairy board chairman Michael Oakes, whose farm was featured in the programme, said 'it was a shame Countryfile had chosen to be controversial rather than positive'.



TB SPREADS TO SCOTLAND

Scotland could lose its official TB-free status after an outbreak of TB was confirmed in cattle on the Isle of Skye. 16 cases of TB were confirmed in east Cumbrian cattle holdings. It is the first time the disease has struck this part of Cumbria for 30 years.



PEOPLE CELEBRATING SPECIAL BIRTHDAYS!

Daniel Tasker, Thomas Mularczyk, Trystan Davies-Gemmell



WELCOME TO:

FARMERS

Rolf Park Farm, Colegsirgar



For Sale - Fullwood milking parlour, 20:20, auto ID. Please contact Henry Hare on 07531 335294.

Very British Problems

- Removing the "kind" from "kind regards" to let the recipient know you're absolutely bloody livid.
- "Each to their own" - Translation: You're wrong, but never mind.
- Communicating to the person in the aisle seat that you need to leave the train or bus by gently touching your bag and whispering "sorry".
- Responding to being told to make yourself at home by sitting very still until it's time to leave.
- Apologising for the ridiculousness of sneezing more than three times in a row.
- Being unable to concentrate as someone gives you directions because you're so focused on looking like you're paying attention.
- "It's hardly ideal" - Translation: It's a complete disaster.
- Overtaking someone on foot and having to keep up the uncomfortably fast pace until safely over the horizon.
- Entering into mild panic if unable to pick the correct amount of change from your hand within three seconds.
- "You'll have to excuse the mess" - Translation: I've spent seven hours tidying in preparation for your visit.
- "He's a bit of a character" - Translation: He's the worst person I've ever met.

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- Having to say hello for a second time as the first one came out as just a weird noise.
- Looking into having your hands surgically removed after waving at someone who was waving at someone behind you.

