

LKL Newsletter

August 2018



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PEAK 19 MAY

The dairy sector hit peak day on May 19 with a seven-day rolling average of 36.6 million litres. This peak was on the late side, but it was not as late as those recorded in 2010 and 2012.

MORE MILK NEEDED BY 2030

According to the International Farm Comparison Network (IFCN), demand for additional milk in 2030 will be three times what the US currently produces, an additional 300 million tonnes of dairy products a year. The increase in demand is due to more people, but also the per capita consumption will increase due to growing prosperity and investments in dairy product development.



TESCO-CARREFOUR DEAL

Tesco has announced a 'strategic alliance' with French retailer Carrefour. The key focus of the tie-up is to reduce prices on own-brand products and the deal is a direct response to Aldi and Lidl. Tesco and Carrefour have struggled to match the discounters on quality and price, and the alliance should help it compete.



ARLA +0.85PPL LEADS THE MARKET TO 31.38PPL

The Europe wide drought has led Arla to increase by one Eurocent. Milk intakes are now down and drought affected. Organic milk was unaffected by this rise and remains at 40.8ppl.

DROUGHT SHOULD SUPPORT MILK PRICES

Cream and butter values struggling in recent weeks, but farmgate prices will be influenced by production volumes. Hot weather has hit grass growth and the effect on milk production will influence markets. Meadow Foods announced a 0.5ppl increase to 28.5ppl. Dairy Crest also announced a 1.75ppl for August to 30.4ppl.

MULLER WON'T BUDGE

Milk prices are continuing over the 30ppl threshold. Reflecting falling European milk production and widespread drought conditions in the EU. However, Muller confounded expectations by holding its price for August, saying that "Farm gate milk price increases are predicted on strengthening returns but market values for cream and butter have been declining". The NFU refused to accept Muller's justification. We have seen a rise in the value of milk which has been reflected by a flurry of recent milk price increase announcements," NFU dairy board chairman Michael Oakes said. "This move appears out of line with current market trends, as there is an expectation of positive movements in farmgate prices well into September".

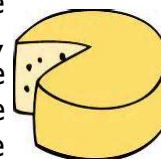
UK DAIRY DAY

Come and join us for a coffee and a chat at the UK Dairy Day on Wednesday 12 September 2018, at the International Centre, Telford, Shropshire, TF3 4JH. We look forward to seeing you there!



NORTHERN IRISH DALE FARM WIN LIDL CONTRACT

Dale Farm co-op has won a contract from Lidl to supply Cheddar cheese across the UK, Europe and the US. The contract will see Dale Farm's Cheddars stocked in 8,000 stores across 22 countries. Lidl will become Dale Farms' biggest customer. Cheddar will go on-shelf in Lidl Ireland under 'Rathdaragh' own-brand, and in the UK and Europe as 'Valley Spire'.



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NEWS

MILK VOLUMES STALL, SAYS RABOBANK

Milk supply growth across the 'big seven' regions - EU, US, New Zealand, Australia, Brazil, Argentina and Uruguay - has stalled, with the pace of growth at 0.5% being the lowest since 2016 according to dairy analyst Rabobank. As a result, the global farmgate milk price cycle has turned, 'but it will take some time to trigger a supply response'. It also expects China to re-enter the market 'in a more meaningful way'. For Q3 this year 'combined global milk supply is expected to grow a very modest 0.4%'. Overall, the market fundamentals point to a period of relative stability in global prices.

DEFRA'S PLANS IN DETAIL

Under the latest proposals, a farmer will have to produce a 'Whole Farm Plan' which could include agro-forestry and recreational pursuits as well as environmental measures.

STILL TOO DANGEROUS

New figures released by the Health and Safety Executive showed farm worker deaths in the period 2017/18 were 29 compared to 27 in 2016/17.

BARBERS

Barber's confirmed a 1.25ppl price to 29.3ppl.

POST BREXIT DAIRY SHORTAGE?

The launch of a London School of Economics report said non-tariff barriers to trade, along with restricted access to labour after Brexit, would leave British consumers facing a 'dairy dilemma' which could see availability of butter, yoghurts and cheese become restricted.

DESPITE ANTI'S, DAIRY SALES GROWING

Despite anti-dairying campaign led by vegan groups, the market has seen an improvement with sales growth at 4.5%, according to Kantar Worldpanel. Dairy is growing faster than the overall grocery market, which saw 2.8% growth. Volume sales are up 1.7%.

11% NOW AUTUMN CALVING

The number of farmers switching to autumn block calving has risen according to AHDB Dairy. 11% of farmers now say they are autumn block calvers, compared with 9% in 2016. The shift to autumn calving comes from all year round calvers since their overall percentage dropped 2% to 74%. The proportion of spring block calvers stayed at 7%.



ORGANIC DROUGHT STATEMENT

Due to welfare concerns and the drought OMSCO have given permission for non organic forage to be fed to youngstock. However, if it is also fed to dry cows or lactating stock the milk produced will not be sold as organic. Individual derogations to feed non organic forage must still be sought from organic bodies. This will lead to two tier organic prices later this year as some organic producers will have no choice but to buy non organic forage.

SCC RECRUITING

South Caernarfon Creameries has launched a recruitment drive. High demand for its cheese and butter prompted calls for more year-round milk producers. The company produces about 12,500 tonnes of cheese a year and comprises 127 farmer owners. It is appealing for new members, particularly across mid and north Wales.

ARLA/YEO VALLEY GETS GREEN LIGHT

Arla's deal with Yeo Valley has been given the green light. Arla said it was looking forward to growing the Yeo Valley organic brand in the UK.



NEW GENETIC INDEX FOR AUTUMN BLOCK-CALVING

AHDB Dairy will launch a new Autumn Calving index designed to help producers who block calve in autumn. The index is intended for those calving in a 12-week period or less; and who seek an emphasis on fertility. Taking into account the higher cost of winter feeding and the better price received for winter milk, it favours a slightly higher milk volume than sought by most spring block-calving herds. Overall, it will promote milk quality, emphasis fertility, help reduce maintenance costs, improve udder health, focus on longevity, promote easier calving and improve functional type.

NEWS

MONITORING CELL COUNTS, IN LINE IN THE PARLOUR IN REAL TIME

AHDB/Guidelines:

- ◇ A mastitis incidence rate of no more than 30 cases per 100 cows
- ◇ A mastitis persistence rate of no more than 20% of the herd affected each year
- ◇ A mastitis re-occurrence rate less than 10% of the total number of cases
- ◇ Herd average somatic cell count below 150,000 cells/ml
- ◇ Average Bactoscan result of below 50

AHDB says for every 100,000 cells/ml increase in the herd bulk SCC, there's an 8% to 10% increase in cows infected and that persistently high cow counts indicate chronic mastitis problems. It can make sense for sensors to be used to detect any problem in the early stages. Tackling the sub-clinical cases can lead to big savings. Sabre has developed Sabre SCC, an automated in-line test that provides a live result. Once installed you are able to get a diagnosis within minutes of starting to milk, diverting supplies into a dump bucket and away from the bulk tank. You receive an alert from the sensor and can stop milk from going into the tank. The technology features an automated California mastitis test with SCC calculated by measuring viscosity of a complex gel. The result is reported within two minutes of the start of milking for an individual cow. Software loaded on to a phone enables farmers to record SCC results against cows, without the need of a herd identification system.

The company recommends they are installed on a minimum of one in every four milking points. The sensors flash green if the cell count is below 200,000 then will go to orange or red above this. Early detection is a valuable management aid as a management tool to help to keep cell counts down.

DROUGHT TO PUSH MILK PRODUCTION COSTS UP BY 2-3P/LITRE

Forward planning:

- ◇ Calculate tonnage, multiply measured cubic metre by 0.6-0.7.
- ◇ Calculate if forage stocks can support cows and youngstock until 2019 turnout. Sell animals or cull barrens, low yielders or for lameness or chronic mastitis.
- ◇ Far-off dry cows need at least 90MJ/day with those three weeks pre-calving requiring at least 130MJ/day.
- ◇ If maize harvest is early, consider planting Westerwolds, grazed from April onwards.
- ◇ Stubble turnips for youngstock could delay housing.

Cow prices have dropped over the past few weeks, from an average of 133.5kg to 110/kg in the week ending 21 July. Some producers have taken wholecrop cereals to bulk out silage stocks.



BURP-CONVERTOR

A "smart" cattle nose-ring developed by a British agritech start-up could hold the key to reducing burped methane from cows. The Zero Emissions Livestock Project believes it has the answer. The son of a fourth-generation cattle farmer from Argentina, Fransisco Norris, and a trio of electrical, mechanical and chemical engineers, have developed a wearable device that oxidises methane in real time. Mr Norris says, "If you can eliminate the methane, we can reduce ruminant's impact on the environment. As the cow exhales, the device detects methane and activates a micro oxidation chamber, where it's turned into carbon dioxide and water vapour. We expect to convert up to 80% of the cow's exhaled methane". ZELP intends to provide the device to farmers at no cost. The company relies on three income streams. The first, in partnership with processors and retailers, is to develop certification schemes for low emission beef and dairy products. A device wearing cow also becomes a "carbon credit generator". Each animal could generate two or three carbon credits a year which can be traded and sold for between £3.77 and £11.32 each. Then there's the value of the aggregated data for production and profitability insights. Prototype testing begins this year when the device starts trials at Argentina's National Institute of Agricultural Technology (INTA) and ZELP hope to bring the product to market in 2010.



PEOPLE CELEBRATING SPECIAL BIRTHDAYS!

Ovidiu-Razvan Formagiu, Janis Jekabsons, Will Jeans



WELCOME TO:

FARMERS

Jenkin Cragg Farms, J & J Webber



Congratulations and thank you to Julie Gordon for putting up with me for 25 years!



Our Silver wedding is on 28 August.
George Gordon

Me sister works for British Gas....Do you wanna meter?

So I was reading a magazine at the doctors and there was a picture on the front of a woman wearing a very expensive dress. My wife, who was sitting next to me, said, "I'd like that". So I cut it out and gave it to her.



While watching Liverpool v Everton with my friend, he couldn't believe it when Liverpool scored and my dog started applauding. Then, when the final whistle went, the dog jumped up on two legs and cartwheeled around the room, to which my friend said, "That's amazing, but how does he react when Everton win"? "I don't know", I said. "I've only had him eight years".



An Englishman, an Irishman and a Scotsman walk into a pub, the barman says, "Is this some sort of a joke"?

I've always wanted to kidnap the tennis player Pat Cash, so after his family pays the ransom I can ring them up and ask them if they want cash back.



George Gordon makes the header in a match for Burbage, a friendly hand on the centre forward's shoulder, just to be sure.

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Curried Songs

- "Tikka Chance on Me"
- "Tears on my Pilau"
- "Korman Chameleon"
- "Poppadom Preach"