

LKL Newsletter

July 2018



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FORTHCOMING HEIFER SHORTAGE? 7.6% DECLINE IN DAIRY YOUNGSTOCK

BCMS data shows a GB dairy herd only 1.8% smaller year on year, but a big fall in heifers. This mirrors a big fall in dairy inseminations and is not unexpected but a shortage of heifers is inevitable. The high cull price is encouraging farmers to get rid of troublesome animals at excellent prices which may put further pressure on demand for heifers.



FARMER LOSES 54 COWS

AHDB spring calving strategic farmer Tom Rawson described losing 54 cows as his 'worst night' in 20 years of farming. Deaths were thought to be caused by contamination of an external water source. Mr Rawson paid tribute to his vet, his team and the fire brigade who were called to get clean water to the cows to flush their systems.

MILK PRICES HIT 30P/LITRE

Prices for August and September should increase by up to 2p/litre by the autumn according to dairy market analyst Chris Walkland. Mr Walkland suspects that retailers are reluctant to pay processors above the 28p/litre 'glass ceiling' for liquid litres, but buyers should pay farmers more due to the strength of cream. Wholesale markets have been buoyant with cream and butter price averaging 13% and 11% increases.

MILK PRICE STARTS WITH A THREE!! ARLA JUMP 1.92PPL TO 30.5PPL

Ash Amirahmadi was crowned as the new MD of Arla in the UK and Arla simultaneously announced that price is to rise on 1 July to 30.5ppl on its manufacturing contract. There are even rumours that there is more to come. Arla organic remains unchanged at 42.85ppl. Arla directs also get a 2p rise to 27.3ppl.

DEFRA RECRUITS 1,250 EXTRA STAFF TO COPE WITH BREXIT

Defra has taken on more than 1,250 extra staff to help make a success of leaving the EU.

PRICE RISES

1ppl milk to Belton to 28.25ppl.

0.65ppl to Dairy Crest Davidstow to 28.65ppl.

1ppl to Glanbia to 28ppl.

1.25ppl for Muller Directs to 28ppl.

1.5ppl milk to Pattermores to 28.93ppl.

1ppl to Paynes Dairies to 27.2ppl.

Yew Tree Dairy notified producers their June price will be over 30ppl.

Barbers move to 31.08ppl on their over base litres (AMPE 33.08 minus 2ppl).



STUDY TOURS 2018

[8th Annual Irish Grazing Study Tour](#)
[Led by Noel Gowan](#)

**Wednesday & Thursday
10th & 11th October**

Only £139 + VAT (excluding flights) including all meals, hotel, accommodation, coach transfers and entrance to Moorepark and presentations.

[First Ever Danish Study Tour](#)

In association with Vitfoss, this is the first study tour of high yielding Danish dairy farms.

**Monday 5th - Wednesday
7th November**

Only £295 + VAT (excluding flights) including all meals, hotel, accommodation for two nights, coach transport.

Early booking is advisable as places are limited.

To secure your place contact the team on 01722 323546.

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NEWS

£5.7M BVD ERADICATION FUNDING

£5.7m funding has been announced by Defra. BVD costs UK farmers an estimated £60m/year. The "Stamp out BVD" scheme will include support for farm visits, screening cattle for disease.

ARLA CONSOLIDATES CHEESE BUSINESS RESTRUCTURES

Arla Foods UK will axe 154 staff as it seeks to reorganise its cheese business. Llandyrnog creamery in Denbighshire, North Wales, will cease, along with smaller packing operations at Malpas, Cheshire, and Lockerbie, Dumfries. Current Cheddar volumes from Llandyrnog will move to creameries at Taw Valley, Devon and Lockerbie.

ARLA'S NEW MILK AND OATS RANGE

Arla is introducing a new product into the breakfast food-to-go market; a new milk and oats range of healthy ready-to-drink beverages. The product is a simple blend of skimmed milk, hearty wholegrain oats in two variants, maple and vanilla. Breakfast drinks have been growing at 30% a year.



EU OPEN TRADE TALKS WITH AUSTRALIA AND NEW ZEALAND

EU Trade Ministers gave the green light to start negotiations on free trade agreements. Australia and New Zealand both want improved access to Europe's agricultural markets. The UK is likely to have left the EU by the time any deals are completed. Indefinite extension of Britain's customs arrangements beyond 2020 leaves open the possibility the new terms of trade for Australia and New Zealand and may yet apply to the UK. Australia will be looking for significant increases in quotas on its exports of beef, cereals and sugar, while New Zealand has improved market access for beef, sheepmeat and apples in particular.

PAYNES 28PPL FIXED DEAL

Payne has a fixed price deal with one of his customers will allow producers to be paid 28ppl starting from June through to the end of November 2019. The customer's volume accounts for about 2% of the Yorkshire dairy's total milk intake. Mr Payne says he is currently in discussions with several other customers exploring similar type deals.

WYKE TO TRIPLE CHEESE PRODUCTION

Wyke are set to build Ivy's Dairy, a 50,000 tonnes cheese facility named after Ivy Clothier. This is a major expansion from Wyke's current 18,000 tonnes and will be done in phases over the next 8 years.



DAIRY ALTERNATIVES

Sales of dairy alternatives have grown at 8% annually and sales are now valued at £11.5bn, according to Rabobank. Sales of dairy-free milk now represent 12% of total fluid milk sales. The dairy alternative category represented 3% of the total dairy category. Despite this consumer trend towards non-dairy, it also predicted global demand for dairy products was expected to grow by 2.5% for years to come, with demand for non-fluid categories offsetting weak fluid milk sales.



EU PLANS €100k LIMIT IN NEW CAP

Brussels has proposed a €100,000 (£87,000) limit on payments to farmers under the next round of the CAP. Direct payments would remain a key part of the policy, the commission says, but would be reduced above €60,000 (£53,000) and capped for payments above €100,000 (£87,000).

MEADOW FOODS +1P 28PPL

Meadow Foods has increased its A litre milk price to 650 Meadow producers.



MEADOW FOODS FIXED PRICE CONTRACT

Meadow Foods launched a fixed forward pricing scheme at 28ppl for a 24-month period from July 1, 2018 to June 30, 2020. Meadow are talking to other customers who are interested in forward fixed pricing.

NEWS

MYCOPLASMA BOVIS IN NEW ZEALAND, 150,000 COWS TO BE CULLED

The outbreak of Mycoplasma Bovis in New Zealand has led to a government plan to cull 150,000 cows to eradicate the disease. Dairy farming is vital to the economy in New Zealand, their single largest export and accounting for 3% of world dairy production. The M Bovis outbreak could cost NZ\$1.3bn over 10 years. Animals due to be slaughtered, along with the cost (the majority of which will be taxpayer-funded) needs to be viewed in the context of the one million dairy cows culled annually in the country from a national herd of 6.6million. In 2016, nearly 40,000 cows were slaughtered in the UK because of TB, and over a million animals were culled after the 2001 foot and mouth outbreak.

JULY MILK PRICE MOVES

↑ Yew Tree Dairy 1.5p to 28p/litre
 ↑ Sainsbury's Dairy Development Group up 0.36p to 24.48p/litre
 ↑ Pensworth up 1.2p to 27.2p/litre
 ↑ Muller up 1.25p to 28p/litre
 ↑ Belton Farm up 1p to 28.25p/litre
 ↑ Dairy Crest up 0.65p to 28.65p/litre
 ↑ Glanbia up 1.5p to 28p/litre

NATIONAL SHORTAGE PUSHES CULL PRICES

Cull cow auctioneers report a national average price of 132.88p/kg in June. Cows are at least £100 a head dearer after starting the year at 110p/kg, even poorer sorts make 90p/kg.

GOVE TO DROP BPS CAPPING

The new Agriculture Bill setting out the policy framework is unlikely to include any plan to cap payments to larger farmers. Michael Gove made the surprise announcement recently. Civil servants were scrutinising the 44,000 responses to Defra's Health and Harmony consultation. Mr Gove revealed he was already reconsidering capping as a result. Evidence from respondents is that they would prefer there to be the same percentage reduction for all farmers who are in receipt of BPS.

NFU COMPETITION

Primary school children are urged to take part in a new competition. Farmvention, a n N F U initiative, is a competition in which children are asked to design a tractor of the future, an environment for 100 laying hens, or a new snack product using one or more of four British ingredients. The grand prize is a 'money cannot buy experience' of the school being turned into a farm for a day.



ALVIS AWARDED OBE

John Alvis, of Lye Cross Farm, Bristol, has been awarded an OBE in recognition of his services to cheese exports, farming and rural communities. He also set up FarmLink, a charity bringing children on to farms to help them to understand what goes on in the countryside.

GRASS ONLY MILK SCHEME

A milk certification scheme for cows fed only grass, with no cereal feed in their lives, has been recently introduced by the Pasture-Fed Livestock Association (PFLA). The organisation is talking to 26 producers about becoming certified 'Pasture Certified', offering 100% grass-fed certification.



TRUMP'S DAIRY TARIFF

Canadian dairy farmers have hit back at Donald Trump's comments about dairy tariffs. Canada operates a supply management system to protect its dairy farms. Mr Trump tweeted about Canada charging the US a 270% tariff on dairy products, which he claimed was 'not fair to our farmers'. Canadian dairy farmers have accused the US of wanting to solve its problems of overproduction by dumping milk in Canada. Canada allows 10% of tariff-free imports and accused the US of hypocrisy, with the US also capping tariff-free imports.



PEOPLE CELEBRATING SPECIAL BIRTHDAYS!

Neil Wilson, Rhiannon Lewis, Sheldon Priest, Veronica-Maria Dodea, Vlad Balan



WELCOME TO:

FARMERS

A Oxtoby & Son



FOR SALE
AUGUST 2018
Calving Heifers
Very well grown, @ 650kg at 2 years old, 9000 litre herd.
Holstein x Brown Swiss and Holstein x Montbelliard
Hampshire, TB free farm.
Ring Carol on 07831 109625

2019 Calendar Photos

Please submit your photos for the 2019 LKL Calendar.

Email to carol.adlem@lkl-services.co.uk

There is a bottle of whisky for all successful entries.

The deadline is 1 August 2018



Please contact your LKL regional manager for your FREE LKL baseball cap!



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I mentioned it once.... but I think I got away with it!

FREE DAIRY PROMOTION POSTERS, BANNERS, CAR STICKERS, COFFEE MUGS

AHDB dairy have designed an eye catching new range of material to promote dairy products from "The Department of Dairy Related Scrumptious Affairs!" To get materials to display and help promote the campaign please email commseahdb.org.uk to make a free order.

www.lklservices.co.uk