

LKL Newsletter

July 2010



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MILK LINK + 0.75PPL

Milk Link have announced a 0.75ppl increase from July 1, bringing their price for members on manufacturing milk contracts to 24.1ppl and for members on liquid milk contracts to 24.4ppl. Last month M/L paid members interest on qualifying loans equivalent to an average of 0.35ppl.

EU MILK PRICES RISING

European farmgate milk prices are rising fast, with most prices expected to have increased by around two euro cents per litre in April and May to an average of above 29c/litre. They are tipped to go on rising and not to peak until September at the earliest.

WISEMAN RECRUITING

Wiseman are recruiting farm suppliers again, they increased their suppliers to 950 last year supplying 60% of their requirements. Wiseman said "We aim to increase the percentage from our direct farms over the next 18 months in order to achieve an improved long-term security of supply". This will put further pressure on Milk Link and Wyke in the southwest.

FIRST MILK - MILK PRICES

The co-op has announced the following price increases to be applied from 1 June.

0.5ppl - Cheese producers, 0.35ppl - balancing and 0.3ppl - liquid producers. From 1 July a further rise was announced of 0.6 p/l liquid, 0.25 p/l cheese, 0.4 p/l balancing pool.

LACTALIS MCLELLAND 1PPL PRICE INCREASE

From 1 July for its Caledonian direct suppliers taking their standard price to 24.4ppl.

3,000 COW SUPER DAIRY ABANDONED

Irish developers behind the proposed 3,000 cow 'super dairy' at South Witham in Lincolnshire have dropped their plans. The planned development by Velmur Ltd, has been the subject of intense debate and the plans have suffered a similar fate to Nocton Dairies' proposed



8,000 cow dairy in Lincolnshire. Welfare group Vegans International Voice for Animals (Viva!) hailed the move as a major victory. Velmur Ltd said they still believed intensive dairying was right for the UK industry, but said the decision to withdraw from South Witham had been made following the concerns of local residents. The proposed new dairy would have been built on the Buckminster Trust Estate, and Viva! initiated a letter campaign recently calling on the Trust to pull out the development. Viva! Campaign manager Justin Kerswell said: "We are delighted for South Witham and the country as a whole that the march of Zero-grazing units across the UK is being halted".

DEFRA 25% CUTS

Government announced "unprotected departments" such as Defra would be required to cut budgets by 25% by 2014/15. Full details of the cuts are expected in October.

MULLER + 0.5PPL

0.5ppl milk price increase for Muller suppliers from 1 August.

ITALIAN SPOT MILK PRICE HITS 30PPL

According to DIN Italian spot milk prices have risen to 35.8 Euro/cents litre equivalent to 30ppl.

DAIRY CREST PRICE INCREASE FOR CHEESE BUT NOT FOR LIQUID SUPPLIERS

From 1 July Davidstow suppliers will receive 0.75ppl increase.

£1M GRANT TO DAIRY FARMER TO EXPAND IN SCOTLAND

The Scottish Rural Development Programme has awarded a dairy farm in Nairn £1.092m to increase its cow numbers from 700 to 1,200.

ASDA BUY NETTO

Asda is to buy Netto Foodstores from Dansk Supermarket for £778 million.

MEADOW FOODS

Meadow Foods is to increase its milk producer price by 1ppl with effect from 1 July.

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NEWS

POSITIVE OUTLOOK FOR COMMODITY PRICES

Farm commodity prices over the next 10 years could be up to 40% higher than the previous decade according to a joint OECD-FAO Outlook 2010-19 report. Prospects for the dairy sector were positive, with prices 16-45% higher on average over the next 10 years. The report said that sustained economic growth in emerging markets was an important factor. It said the global agricultural output would be able to meet the 70% increase in food production required to feed the higher population predicted by 2050.

0.5PPL MILK PRICE INCREASE FOR GLANBIA

From 1 July (23.78ppl), their third consecutive monthly 0.50ppl increase.

0.88PPL PRICE RISE MILK LINK CUMBRIAN DIRECT GROUP

Cumbrian Direct Group suppliers to Milk Link delivering to Lockerbie are to receive a price increase of 0.88ppl for June taking their flagship standard litre price for 4% up to 24.75ppl.

DAIRY CREST LIQUID

DC brand strategy moves forward and their huge returns from spreads, circa 20% and continuing premium cheese margin of 10% looks attractive. In addition to this they now seem to be investing in their liquid business. They are spending £75m on upgrading liquid plants over the next 3 years and their Milk & More now apparently has 280,000 customers signed up and is growing all the time. People using Milk & More buy more milk and Dairy Crest say they are on the brink of reversing decline in doorstep delivery. They now have two thirds of the GB doorstep business and margins remain high, the wafer thin margins are in the cut throat middle ground markets.

NZ PRICES UP

Fonterra forecast milk price payout for 2010-11 at NZ\$6.90—\$7.10 per kg milk solids 45c higher than t 2009-10 . Chairman Sir Henry van der Heyden said the final price " could be well over \$8" beating the record of \$7.90 set in 2007-08.

ARLA 1 BILLION LITRE PLANT IS STILL ON

Arla press on with their promised new gigantic London dairy with a site in northwest London expected to be named and building to start before the end of the year. It will be the worlds biggest liquid plant if built.



75% SEXED SEMEN

Bullsemen.com are offering 75% sexed semen, an alternative technology, resulting in a lesser percentage of females than full sexed semen. CRI, the US company behind the 75% offer, indicates that 75% of the calves will be born female. The price structure shows why the 75% offering has become very popular, for a £2 to £4 supplement, a 50% increase in heifer calves seems very good value.

WORLD MILK OUTPUT UP 2%

World milk production in 2010 should reach 712 million tonnes, an increase of 2%, according to The Food Outlook report from the



AMERICAN CELL COUNTS 750!!

By October, US dairy producers will be required to lower their SCC counts from 750,000 to a 3-month geometric mean of 400,000 to meet EU standards, to allow US dairy exports to enter Europe. All products bound for the EU must meet requirements set by the EU.

FRESHWAYS FACE FINES OVER EMPLOYING ILLEGAL IMMIGRANTS

Twenty four people were arrested following a UK Border Agency raid on Freshways Dairy in Acton, west London. The 24 were arrested for a variety of immigration offences. 22 were reported to be Indian and two Pakistani. The dairy have been warned that they face heavy fines unless they can prove they carried out the correct right-to-work checks on the staff.

PLANS TO VACCINATE BADGERS AGAINST BOVINE TUBERCULOSIS HAVE BEEN CUT BACK BY THE COALITION GOVERNMENT

Only one of the six areas designated for the vaccination trial in England will go ahead, according to DEFRA. Badgers in the Stroud, Gloucestershire, site will be trapped and injected with the BCG vaccine beginning in July. The project will be carried out over a five year period. Farm minister Jim Paice said that spending curbs and a change in policy had warranted the cut backs on the project.



DID YOU KNOW?**BCMS PARENTAGE TEST KIT**

A genetic fingerprint kit to validate cattle parentage for post-27-days-of-age passport applications has been launched by Pfizer Animal Genetics. According to BCMS there are at least 18,000 cattle without a passport. Until a passport has been obtained, these animals cannot legally be sold or moved. Cattle without a passport can be made eligible for an application by DNA-based parentage confirmation. The owner needs to contact BCMS, who first confirm against their database that the animal's nominated dam is still alive. This being the case, BCMS supply an application form on which the calf and dam identities are pre-printed. The farmer is required to have their veterinary surgeon take blood or tissue samples from both calf and dam, which are analysed to confirm the calf's parentage. The self-contained cattle parentage test kit is available from vets. The test fee is £25 plus VAT per sample, not including the vet's fee for taking samples.

NORDMILCH + HUMANA

Humana and Nordmilch who process 20% of Germany's milk are now set for merger. Competition authorities are currently conducting an in-depth investigation of the dairy sector. The two companies currently operate 70 production units and the target is to cut this to about 50 with an estimated cost saving close to €400m.

PREGSURE LINKED TO BLEEDING CALF SYNDROME

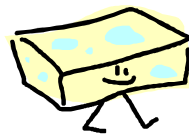
Pfizer's has decided to voluntarily stop selling Pregsure BVD in all EU Member States, including the UK. It has been suggested that the use of Pregsure BVD may be associated with BNP (Bovine Neonatal Pancytopenia) commonly known as Bleeding Calf Syndrome. No direct casual link between the use of Pregsure BVD and BNP has been proven.

WELSH ASSEMBLY SUSPENDS CULL

The Welsh Assembly Government has suspended the start of its planned West Wales badger cull until the outcome is known on the Badger Trust initiated High Court Appeal. The High Court has already rejected the Badger Trust application for a judicial review. The Court of Appeal has agreed to an expedited hearing on June 30. NFU Cymru has attacked the Badger Trust for its 'blatant delaying tactics'.

SMP INTERVENTION TENDERS REJECTED BUTTER STOCKS 90% SOLD

In the second round of intervention sales, all bids for SMP were rejected; 12,000t of butter stocks were released. The minimum selling price for butter was set at £2,995/tonne resulting in the sale of 11,935t leaving only 1,734t of intervention butter stocks. The next round of intervention sales will take place in early July for the remaining butter and 80,000t of SMP.

**YOGHURT 4.6% MARKET GROWTH**

The UK market for yoghurt achieved growth in market value. The yoghurt market was worth £1.2bn, a 4.6% increase on the previous year. Sales volumes were 4.6% up, led by strong sales of bio and luxury products.

**MILK LINK 10 YEARS OLD**

Between 3 April 2009 and 2010, its tenth birthday, turnover increased marginally from £547m to £550m. EBITDA was up from £28.7m to £29.2m, profit before tax increased to £10.6m and bank debt rose £4.8m to £80.9m, despite Milk Link buying DFB's Llandyrnog for £25.6m. The co-op owes members £59.4m. The amount of milk handled increased by 13%, thanks to 600 ex DFoB members. Chairman Ronnie Bell said the co-op made "good progress". This year would continue to be tough, but that it had had a good start to the year.

US DAIRY GURU DEFENDS INTENSIVE UNITS

Gordie Jones, a vet behind a number of multi-thousand cow units in the US, told a group of representatives of the UK dairy supply industry that units of this scale do not compromise the welfare of the cow. "The message I want to get across is that we are a dairy that's large that cares," said Dr Jones, who has advised Nocton dairies on its proposed 8,000-cow unit in Lincolnshire. The US dairy industry has seen consolidation with the number of units over 500 cows now accounting for two-thirds of national production compared with one-third a decade ago. While there was discontent among some US farmers about the large units, there was not anything like the public level of opposition to the units, particularly over ethical issues, that was experienced by Nocton in the UK. The group, which included representatives from UK retailers, processors, co-ops, supply chain organisations, the RSPCA as well as farmers, were generally impressed with the standard of animal welfare and management of his unit.

HAPPY BIRTHDAY TO:

Teresa Organ, Henry Hare, Andrew Collins, Stephen Harrison, Allen Hunter, Stefan Hawkins, Paul Taylor, Russell Matthews, Kenneth Pilkington, Anthony Deane, Stuart Redgrave, Benjamin Etteridge, Robert Hamilton, Andrew Bolderstone, Robert Pearce, Clifford Mitchell, David Evans, Luke Murphy, Simon Maskens, Jan Meinen, Keith Gibbons, Frank Hobden, Alan Hobden, Graham Bowen, Neil Wilson



WELCOME TO:

FARMERS

WD Sykes & Partners, AR & EJ Miller, PC & V Kenny Farming, Lord Sterling of Plaistow, AP & LM Johnson, RJ PJ & CJ Shield

HERDSMEN

Ray Morris, Andrew Smith, Neil Lillywhite, Mark Shore, Paul Farr, Martin Kendall, Peter Zoltan, Maya Tsarkova, Bryan Radford, Arron Mather, Richard Budd



LKL'S CURRENT VACANCIES

Working Dairy Unit Manager, Cumbria Ref: IL3030 - Assistant Herdsperson Cumbria Ref: ILweb36 - Herdsperson Cheshire Ref: ILweb60 - Herdsperson Dorset Ref: SASCweb64 - Herdsperson Dumfries & Galloway Ref: ILweb66 - Assistant Herdsperson/Trainee Manager North Yorkshire Ref: ILweb67 - Herdsperson Hampshire Ref: AGweb70 - Herdsperson Hampshire Ref: AGweb75 - Head Herdsperson Berkshire Ref: TJweb77 - Herdsperson Dorset Ref: AGweb78



Congratulations to Chris Shipley @ Messrs M & J M Richardson and Sons, who supply milk to Northumberland Cheese Co and J & E Dickinson and Sons of Longleat, who have both won Gold Awards in the Jersey Milk Cheese Competition. Well done!

Congratulations to Martyn and Lyn Smith for winning 1st in class at the Royal Bath and West Show and Supreme Champion at the North Somerset Show, for their entry Kingspool Jordan Princess and Ex. 92 4th calver.

BABY IMOGEN GORDON ARRIVES!



This is us together for the first time as Imogen Gordon (7lb 14oz) arrived home after her birth on 29th June. Julie and I had been up for 40 hours by this stage, it was her toughest labour. From left, Huw (12, skate boarder extraordinaire, we have a half pipe on our front lawn), Julie (exhausted and "never doing that again"), Ivor (14, rugby player and in the team that won the Wilts schools rugby cup), George (carrying my two girls), Ellen (2, Miss Bossy Boots and telling everyone that will listen that baby Imogen is her new 'girl brother').

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