



Farm News

August 2011 Milk Suppliers' Edition

Dairygold Cheeses win 'Gold & Bronze'



Dairygold Food Ingredients has scooped three gold awards, a bronze and two 'very highly recommended' commendations at the 2011 International Cheese Awards at the internationally renowned Nantwich cheese show.

Nantwich, the world's biggest cheese festival, with its panel of 150 Judges attracted 3,700 cheese entries from 26 countries. Three of Dairygold's cheeses, Irish Mature Cheddar, Grated Mature Cheddar and Grated Red Leicester, won Gold Awards.

The Co-op's gold award winning Irish Mature Cheddar also scooped the prestigious Trophy for Best Single Mature Cheddar.

Dairygold also won a Bronze award for a 'Display of Cheese on a Cheese Board' and both its Extra Mature Cheddar and Gran Alto (Mallo) cheeses were 'Very Highly Recommended'.

Dairygold's success follows on from last year's event, when the Co-op won five awards at the Nantwich festival.

Dairygold Chief Executive Jim Woulfe commented; "We are very pleased with the results at Nantwich as it is testament to our heritage, hard work and the dedication that goes into our cheese making."

"Dairygold prides itself on manufacturing from the finest natural ingredients, using generations of cheese making craft and expertise to produce cheese that always taste great".



3C South of Lee Group

At the August 8th group meeting of the 3C South of Lee Group in Berrings, Co. Cork, were from left:

Catherine and William Casey, Host farmers, Tim Mullane, Group Chairman, Gerard O'Reilly, Diarmuid and Miriam Hegarty, Alan Jagoe, Donal Sweeney,

Cormac O'Donoghue, Denis O'Leary, Tom Good, Tom O'Connell, David O'Leary, Kevin Burke, Jean Pinckerf, Ian Coleman and Don Lynch.

International Dairy Markets

WORLD MARKETS

World market prices for butter and powder fell in July, with WMP showing the biggest drop but Cheddar prices increased. WMP prices are now down by \$600 from their March peak but SMP prices have not fallen by as much, down by \$250/t since March. The two indicative Fonterra GDT auctions in July produced further falls in auction prices, down by 14% over the month for AMF, 13% for SMP and 11% for WMP for product for dispatch from September to March. Cheddar was offered for the first time. In October, Dairy America will begin selling SMP via the GDT auction platform.

Demand for milk powder has been very high in the first half of 2011. China alone has imported an extra 15,000t of SMP and 80,000t of WMP in the first five months compared to a year ago, and New Zealand has exported 534,000t of WMP. Milk supplies have been growing around the world, reflecting high prices and good end of season weather in the Southern hemisphere. New Zealand milk supplies for the 2010/11 June to May season were 5.2% up on a year earlier with strong growth from April onwards.

Meanwhile Argentina increased milk supplies by 17% in the first four months of 2011 compared to a year earlier. Both New Zealand and Argentina increased WMP manufacture. There is also an expectation that milk supplies will show further significant growth in the 2011/12 season. Hence downward pressure on market prices from the exceptionally high levels of the first quarter of the year is not unexpected.

Milk supplies in the EU27 and the US were around 2% higher in the first five months of 2011, with both regions showing big increases in SMP exports. Both also showed growing cheese manufacture, which restricted SMP availability. High feed costs are now reducing the growth in US milk supplies. The fall in the €/£ rate since May has made EU SMP exports cheaper on the world market.

EU MARKETS

Butter prices fell in July although there have been reports of some prices significantly below €4,000/t. This indicates prices €200-400/t down on the high levels seen in June.

But, still about 80% above the intervention price. SMP food grade prices fell by less, around €100/t, although there was a €200-300/t drop in bulk feed grade prices, depressed by the release of intervention stocks under the charities programme. This also affected whey powder prices, down to their lowest point this year. WMP prices were comparatively stable.

Milk supplies in 2011 have been 2-3% above 2010 levels in the first quarter only to fall back in May as a result of drought. Preliminary reports suggest that supplies picked up again in July in relation to 2010.

Growth in the cheese and fresh products markets limited butter and SMP production, particularly in April and May when production was below year earlier levels. Butter production in 2011 is expected to barely cover EU demand, and the amount going into PSA storage for use in the winter rose to 5-7,000t per week in mid May.

By mid July, over 80,000t of butter had been put in PSA, and supplies now look likely to be sufficient to cover the rest of the year. Recent reports suggest that there has been some diversion of milk supplies away from cheese into butter/powder. Commodity Gouda prices rose steadily this year up to mid April but in June and July, they weakened slightly. Exports to Russia fell back in the second quarter of this year.

UK MARKETS

Grass growth has largely recovered from the spring drought in most areas and UK milk production has followed a different seasonal pattern over the past two months compared with 2010. Deliveries from farms in May 2011 have been increased from last month's provisional estimate to be over 8m litres higher than the previous year, while June 2011 supplies are provisionally estimated to be 8m litres down.

The fall in June supplies was expected because the peak of milk production in 2010 was unusually late. In the first three months of the current quota year there has been a 1.6% increase in supplies over 2010, and butterfat has been ahead of 2010 levels as well.

Cheddar manufacturers, whose return on the milk used has been significantly below that obtained by making butter/skim milk powder, are still struggling to move their prices which are gradually rising for Mild cheese, some reaching the level of £3000 per tonne. The Mature Cheddar market is steady but there is buyer resistance towards any price increases.

The latest United Dairy Farmers milk auction was held on 21.07.11 for milk on one month contracts for delivery in August 2011. A total of 43 million litres of milk were sold at an average price of 29.51ppl, 1.60ppl (5.7%) more than last month's auction (27.91ppl). This month's auction price was also 4.71ppl (19.0%) more than in July 2010. Volumes in July were 2 million litres down on an equivalent figure for July 2010.

Milk Supply

Dairygold milk supply for July 2011 was 6.4% up on the supply for July 2010.

The Dairygold Milk Quota position at the end of July 2011 is 9.0% over quota.

The National Milk Quota position at the end of June was 3.98% over quota.

MILK ADVISOR ON WEEKEND CALL

The following are the weekend on call arrangements for emergency milk issues for the next five weeks:

Aug 27th/28th

Maeve O'Connor Tel 086 835 4808

September 3rd /4th

Ger Hennessy Tel 086 852 0792

September 10th/11th

Frank O'Flynn Tel 086 852 0793

September 17th/18th

William Ryan Tel 086 246 1633

September 24th/25th

Jack Cahill Tel 086 262 8290

**INFORMATION DESK LO-CALL
NUMBER FOR MILK RELATED
QUERIES IS 1890 200840**

Solids-Based Payment for Liquid Milk

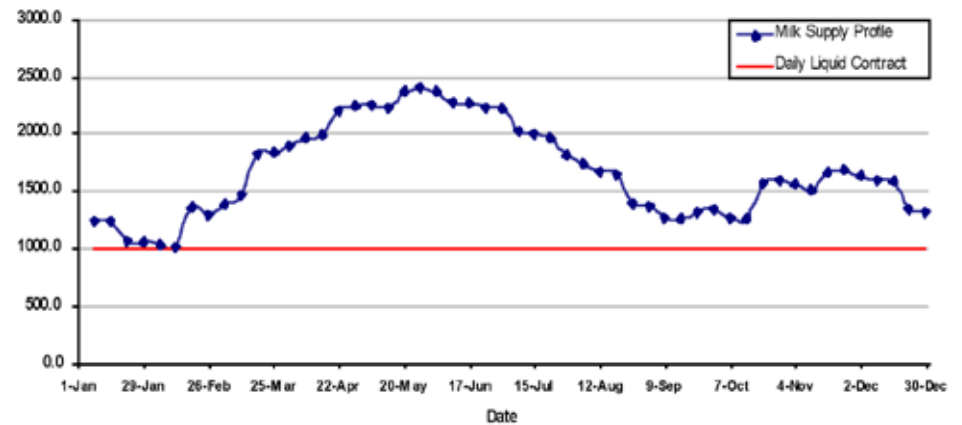
The recent decision to move from flat rate to solids based (A+B-c) payment for liquid contract milk represents a fundamental change for farms in the sector. Historically, there has been a strong focus on achieving a high milk volume per cow, which has dominated breeding and feeding practices for liquid milk herds. However, fat and protein content are in future set to determine price across the entire milk pool. To illustrate by example, a supply profile for a liquid milk herd is shown in Figure 1. This 100-cow unit delivers 620,000 litres/year with a daily liquid contract of 1000 litres (shown as the red line).

Currently, 365,000 litres (58%) of annual output is paid as flat price. The remaining 255,000 litres (above the red line) is priced on a milk solids basis. Under the new scheme, the entire 620,000 litres will be priced using the A+B-c system. The required premium for the liquid contract litres is then added to the solids-based price. At present market values, moving from 3.80% to 4.00% for fat and 3.30% to 3.50% for protein would be worth €5,000 annually under the current system, whereas under the new system this would be worth €12,000.

What management changes are likely to be needed in light of the new payment system? Firstly, it is important to note that solids content is already relevant for half of total output from liquid milk farms (42% in the example shown), so these steps are required independent of the new structure. Some basic rules of thumb are:

- **Breeding for volume:** An essential long-term aim is to select for high fat and protein kg but more moderate milk volume. A herd milk proof of +200kg is capable of delivering >7500kg lactation yield. There is ample scope to improve current average yield (5900 litres) using bulls at +200kg for milk. Target sires with >30kg combined fat + protein at this yield level.
- **Breeding for fertility:** A fertile herd allows a planned calving pattern, which in turn helps control production over the highest cost months. Target sires that score well for daughter fertility (€100 fert index) to maximise use of high quality forage in the annual feed budget. This helps rise milk solids content.
- **Indoor feeding:** In the example shown (Figure 1), around 204,000 litres are produced from October - February. Under the new system this is all priced under A+B-c, whereas previously only 57,000 litres were priced as such, with the rest on flat rate price. Quality forages and the correct energy/protein balance drive solids milk indoors. Target 0.92 UFL in the overall diet and use the PDI system instead of crude protein to balance the ration correctly.

Figure 1. Annual milk supply profile for a 100-cow liquid milk herd with 45% autumn calving
6200- litre herd @ 60% liquid contract



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Dairygold Demonstration Farm Walks this Autumn

The first round of farm walks on the new Dairygold/Teagasc Demonstration Farms will continue this Autumn as outlined in the schedule below.

Farm walks will focus on:

1. Milk quota management.
2. Grassland and feed budgeting.
3. Herd health and milk quality programmes on Demonstration Farms.
4. Milk solids production and herd performance.
5. Young stock performance and management.

Suppliers in the relevant Dairygold region will receive a text inviting them to these events. Farm walks will be signposted locally from the nearest named town or village. If travelling from outside your own region check with the local contacts to confirm event.

Clean footwear and clothing must be worn when visiting Demonstration Farms and you must disinfect on arrival and departure. If you require any further details please contact Billy Kelleher on 087 243 4236 or the local contacts listed.

Schedule of Dairygold Demonstration Farm Walks, Autumn 2011

Walk No.	Date	Dairygold Region	Dairygold Demonstration Farm	Dairygold Area Manager	Teagasc Advisor
1	Wed Aug 24th, 11.00am	Tipperary	Sean Tobin, Boytonrath, New Inn, Co. Tipperary	Niall Griffey, 086 246 1642	William Dwyer, Thurles, 050 421 777
2	Thursday Sept 15th 11.00am	Mid Cork	Aidan & Mary Reardon, Ballinaboy, Ballinhassig, Co. Cork	Denis McCarthy 086 246 1647	Brendan Smiddy, Midleton 021 463 1898
3	Wed Sept 28th, 11.00am	Limerick	Padraig Ryan, Cullina, Cappamore, Co. Limerick	Sean Ryan, 086 246 1639	Aileen Walsh, Limerick, 061 215 922
4	Friday Sept 30th, 11.00am	Mallow	Donal & Pat Barry, Coolicka, Donoughmore, Co. Cork	Kieran Creed 086 172 8335	Seamus Lordan, Macroom 026 416 04
5	Wed Oct 5th, 11.00am	Mitchelstown	Sean Kearney, Brackbawn, Kilbehenny, Co. Limerick	Alan Ryan 086 262 1952	Stuart Childs, Kilmallock 063 980 49

Shinagh Dairy Farm Open Day Bandon, Co Cork Thursday, August 25th, 10.30 am to 12.30 pm

The farm started in milk production in February 2011 with 200 heifers calving down for the first time. This farm is a conversion from a beef farm/ AI station.

A beef slatted house was converted for cows and a new milking parlour and yards were built.

Directions: The farm is located about 2 miles North-west of Bandon and will be signposted from Bandon Town and off the Newcestown Road. DEP

Event: This Walk is an approved public event and will qualify as one event under the DEP Scheme. All are Welcome.

Contact: John McNamara if you require any further details, 023 888 0760.

Stands on the day will deal with the topics below:

Financial Budgets

Infrastructure

Grassland

Stock Purchase

Herd Performance 2011

Yearly Cash Flow, 15 year plan

**Milking Parlour, Cow Housing,
Roadways, Water**

**Reseeding Plan and Autumn
grass plan**

Testing and Vaccinations

Milk production and Breeding



Discussion Groups & Farm Walk round-up



Pictured at the Dairygold Demonstration Farm Walk on the O'Connor farm in Youghal were, from left: Catherine, Barry, James, Claire and Thomas O'Connor. 110 people attended the walk on July 5th.



Skenakilla Discussion Group

Skenakilla Discussion Group members taking part in the Cellcheck Workshop in association with Animal Health Ireland (AHI).

The Skenakilla group were the pilot group for this workshop in the Dairygold Co-op area and will continue to have special meetings with Fiona McCoy of AHI, Adrian O'Callaghan, Teagasc Advisor and William Ryan from Dairygold.

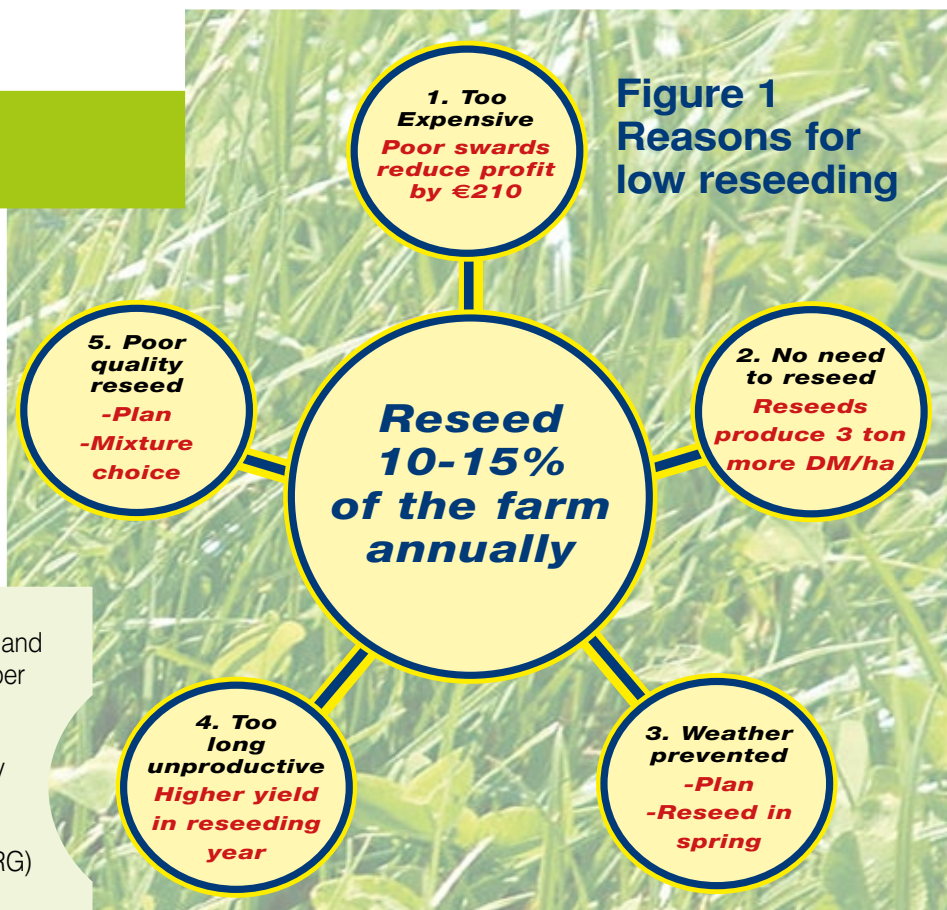
The programme aims to improve the group's skills at mastitis control management.

Pictured at the Cellcheck workshop were Skenakilla (Mallow) Group members from left: Thomas O'Regan, Noel O'Connor and Michael Cronin with William Ryan, Dairygold Milk Quality Advisor.

Reseeding

Teagasc recommends that dairy farmers should reseed 10-15% of their farm every year but nowhere near this level of reseeded is currently happening on farm.

Figure 1 shows some of the reasons why farmers are not reseeding (**black text**) and reasons why they should think again (**red text**). The following text explores these issues in more detail.



Reasons for low reseeding:

1. Too expensive: Due to increasing seed, fertiliser and fuel costs, reseeded is likely to cost close to €250 per acre in 2011. This is a large cost but reseeded is a medium term investment with swards reseeded in 2011 can be expected to last 8-10+ years if correctly managed.

Swards with a low content of Perennial Ryegrass (PRG) are reducing profit by €300/ha (€120/acre) due to reduced dry matter (DM) production alone. On this basis, reseeded will pay for itself in two years.

2. No need to reseed: Recent research in Moorepark has shown that old permanent pasture produces 3 ton/ha less than 100% PRG. The main difference is in spring (before mid-May). In addition old permanent pasture is inefficient i.e. 25% lower response to nitrogen application. On top of this old pastures have reduced digestibility and intake potential.

3. Weather prevented: Planning ahead allows fields requiring to be reseeded to be pinpointed and arrangements put in place to burn off in time, have contractors booked etc.

If planning to reseed this autumn, aim to have it completed as soon as possible to allow time for the post emergence herbicide to be applied and at least one grazing before closing for the winter.

4. Too long unproductive: The time that a sward is out of production can be limited to two months. Trials from Moorepark clearly show that even when a sward is out of production for this length of time, their annual DM production can be similar or even greater than old permanent pasture accessible for the entire year.

5. Poor quality reseed: Planning is vital for the success of reseeded and as already stated, reseeded in the spring is far more successful than in the autumn. The following best practise maximises the chances of success.

**Monthly
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Use the Dairygold Postal Payment Envelope or pay by milk or grain offset and you could be a lucky winner like:

**Daniel and June
Coleman,
Riverstick, Co Cork**

**Brendan Coleman,
Mallow,
Co Cork**

**T J O'Dwyer,
Cappawhite
Co Tipperary**



Reseeding Best Practise

Reseeding is likely to cost close to €250 per acre in 2011 but reseeding can pay for itself within two years. To achieve this it is critical to successfully establish and manage the new sward.

To ensure successful establishment the following reseeding best practise guide is strongly recommended.

1. Take a representative soil sample and send it for analysis. If ploughing, ideally wait until after ploughing to soil sample (Dairygold Feed Laboratories provide soil testing services from €17 per sample incl. VAT).
2. Spray off the old pasture with a minimum of 5L per ha (3.5 pts/Ac) Glyphosate. Where there are significant levels of perennial weeds e.g. docks present, use 6L per ha (4.25 pts/Ac). Allow 14 days after spraying before cultivating.
3. Prepare a fine, firm seedbed and apply Lime, Phosphate and Potash as per soil test results.
4. Select a grass seed mixture with a good balance of the very best varieties available N.B. as this mixture is likely to be in the ground for 10 years or more.
5. Sow six bags of grass seed for every five acres in good conditions. Increase the seed rate in poor conditions.
6. Ideally cover seeds and roll well to ensure good contact between the seed and the soil.
7. Apply 60 Kg/ha (48 units/Ac) of nitrogen at or after sowing.
8. Monitor closely for pest attack and take action where necessary. Slugs, Leatherjackets, Frit Fly and rabbits are the main threat.
9. Post emergence weed control is essential, particularly to control docks and thistles. Normally apply herbicide five to six weeks after sowing. Where clover is important use an undersown spray that is safe on clover e.g. Legumex DB.
10. Regular light grazings when conditions are good are recommended to encourage the development of the new sward while avoiding poaching.

Call to Dairygold Co-op stores for all your grass seed and agrochem requirements

Milk Quota Management

Despite the lack of sunshine, this year has certainly produced a lot of grass and milk on farms.

Decision time has come on a small number of farms in severe over quota situations and cows have been sold, dried off or put on once a day milking.

Many suppliers facing moderate exposure to super levy need to plan out their supply for next spring and then calculate how much more milk they can supply up to the end of the year. Divide this latter figure by the number of cows to determine how many more days milk should be delivered.

The table below gives an example of three farms in different quota situations; Round figures are used and butterfat adjustments are applied. Doing an exercise like this for your farm will help you manage your quota better and plan your cash flow for the winter and spring.

I have not allowed for flexi milk allocation to the suppliers of less than 350,000 litres (this may be small and can be filled in Spring).

Allow about 10 to 15% of quota for Spring depending on calving dates and patterns.

On farms where 60% or more of quota has been filled by the end of July, only about 25% of quota remains for August to December. Suppliers have to decide what way to fill this most economically.

Some suggestions among group members to reduce exposure to super levy are;

1. Dry off first calvers and thin cows in early September.
2. Dry off high SCC cows.
3. Dry off low solids cows and milk high solids cows for longer to maximise price of milk sold.



4. Do a cash flow budget through to next May to determine requirements for funds and overdrafts.

Each supplier must determine their own situation and keep in touch with the Co-op and their Advisor and Financial Institution.

Contact Billy Kelleher in Moorepark for any further discussion on 087 243 4236.

	Farm 1	Farm 2	Farm 3	Your Farm
Cow Numbers	60	50	100	
Quota (Litres)	300000	200000	500000	
Fat adjustment %	0.35	0.50	0.25	
Fat adjusted quota	290550	191000	488750	
Likely supply 2011/12 (L) (Peak collection x 110)	340000	300000	620000	
Likely % over quota	17	57	26	
% quota supplied April - July	60%	70%	66%	
Litres available Aug - March	110550	51000	158750	
% of quota required for Spring	12.5	10	15	
Litres required Jan - March	36318	19100	75000	
Litres available Aug - Dec	74232	31900	83750	
Litres/cow remaining	1237	638	838	
Days of milking remaining, from August 1st.	82	53	52	
Dry off date to stay on quota	Oct 20th	Sept 22nd	Sept 21st	
Main action taken	Early dry off, Less meal	Once a day from Aug 1st, no meal at grass, Spring milk in March only	Early dry off of first calvers, feed reduction	