

SE News
HD **DAIRY RETURN**

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Local **dairy** farmers are feeling “a lot more confident” thanks to rising farm gate **milk** prices, according to Murray **Dairy** chairman and Blighty farmer Malcolm Holm.

Farmers have enjoyed a 25 per cent increase this month, with southern Australian **dairy** farmers averaging \$6.50 a kilogram for **milk** solids.

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Mr Holm said the average return for Murray **Dairy** suppliers was slightly higher but offset by higher input costs.

The overall national **milk** production forecast for the 2013-14 season is for a reduction of up to two per cent, with between nine and 9.2 **billion** litres of **milk** expected to be produced.

Mr Holm said the reduction could be linked to heat stress in animals, which can cause loss of appetite and therefore the cow not producing as much **milk**.

He said, however, Murray **Dairy** suppliers were on par with last year's production figures.

Despite many challenges, Mr Holm said the **dairy** industry was looking positive.

“Many farmers have found seasonal conditions and **milk** prices a challenge, but generally farmers are feeling more confident because of the **milk** price increase,” Mr Holm said.

“**Milk** production is remaining fairly stable locally, and with the increased cash flow coming in perhaps people are consolidating their position a bit more.

“We need to look at where the **milk** price is going (next season) because there are still drought and global financial crisis issues to contend with.

“Temporary water prices, which are double what they were a few years ago, are also increasing costs and we've had a dryer than average spring, which affects fodder yields and quality.”

Mr Holm said the better **milk** price would help ease some of the challenges, adding that an increased interest in processed food production as a whole had helped “renew interest in the industry”.

Dairy Australia maintains there is greater demand for Australian **dairy** products in **China** and other countries that have experienced production shortfalls.

On global currency movements, **Dairy** Australia commercial and research analysis manager Norman Repacholi said the weaker Australian dollar was likely to place upward price pressure on imports such as fertiliser, fuel and grain prices.

“With Australia's supermarket **milk** and **dairy** spreads, volumes and values are remaining stable, **cheese** volumes are up, but discounting of chilled (block) cheeses has shown a slight decline in the total category value,” Mr Repacholi said.

“Despite last season’s challenges, Australian **dairy** has scored international headlines with the competition to **acquire** Warrnambool **Cheese** and **Butter** and a rush of other major transactions.

“The intense **business** interest in the potential of Australian **dairy** in the region reinforces how well regarded our sector is for its quality produce.”

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