

## **Current producer price level not sustainable**

The current low level of producer prices is not sustainable. Producer prices are on average 10% below the 2009 level. While producer prices have decreased since 2009, input prices have increased sharply. This combination of lower producer and higher input prices puts substantial pressure on milk producers and limits any chances of higher production. In contrast to the South African situation, the international situation remains positive. Dairy product prices increased sharply after the 2008 slump and while prices have decreased slightly since mid-2011, prices are still substantially above these levels. Higher world prices as well as a 21% devaluation in the value of the rand have pushed import parity to more than R4,00 per litre. The price of dairy products at processor level was 1,1% higher in September 2011 than in September 2010. It thus seems as if milk processors were able to keep price levels intact while increasing volume growth. Dr Koos Coetzee, MPO chief economist, said that unless South African milk producers receive a substantial price increase soon, milk buyers may find themselves in supply difficulties early in 2012.

## **KZN farmers hard-hit by cost increases**

KwaZulu-Natal (KZN) dairy farmers are hard-hit by price increases in their main inputs namely feed and fertiliser. Calculations recently published by KZN dairy consultant Mr Allan Penderis, show that dairy meal prices increased from an average R2 341/ton for the year to July 2011 to the current R2 851 and fertiliser from R4 907/ton to R 6 512 currently. The increase in feed and fertiliser prices since 2010 reduced farmers' bottom line by 86%. He bases his calculations on the 12 month rolling herd average figures published for the group of KZN dairy farmers involved in his study group. While the farmers will, on average, still have a minimal positive bottom line, smaller producers will no longer be able to make a profit. MPO economist Dr Koos Coetzee said that the figures supplied by Mr Penderis confirm the MPO's opinion that an increase in producer prices is urgently needed.

## **Thirteenth PICA award for *The Dairy Mail***

*The Dairy Mail*, the MPO's magazine for the dairy industry

published by Agri Connect, was once again rewarded for publishing excellence at the 42<sup>nd</sup> Annual PICA Awards of the Magazine Publishers' Association of South Africa (MPASA). The awards function was held at the Sandton Convention Centre on Thursday, 17 November. The magazine received its thirteenth PICA award in seven years, with the February 2011 edition awarded the cover of the year award in the business to business category. Mr Bertus de Jongh, MPO CEO, said the purpose of the magazine is not to win awards, but to serve milk producers by conveying the most up to date information and technology.



### **Spotlight on agri economics**

Turn to page 35 of the November issue of *The Dairy Mail* for a report on the annual Agri Mark Trends Outlook hosted in Pretoria recently.

### **MBISI elects new board**

At a members' meeting held on 23 November, Milk Business Information Systems (MBISI) elected a new board. Messrs M de Jager, N Serdyn, G van Rensburg, N Hobbs and H Neetlingh were elected as board members of MBISI. The MPO congratulates them on their appointment and wishes them well with the challenges ahead.

### **MPO North meets producers in Ventersdorp**

Mr Johan Strydom, chairman MPO North West, and Ms Alta van



Zyl, regional co-ordinator of MPO North, met with a number of milk producers in Ventersdorp on Thursday, 24 November to discuss issues of mutual interest. Mr Strydom informed producers about the services rendered by the MPO and invited fellow producers to voice their concerns and opinions. The producers expressed their appreciation for the extent of the services rendered by the MPO and encouraged the organisation to continue promoting the interests of milk producers. The meeting was characterised by positive interaction and proposals that will be followed up by the MPO.

### Good progress with programme for WDS 2012

The World Dairy Summit (WDS) 2012 programme committee met this week to evaluate the progress in the planning of the 2012 International Dairy Federation World Dairy Summit. According to Dr Nico Schutte, internal organiser, all programme organisers have developed preliminary programmes. The full day dairy farming conference is of special interest to milk producers. It will consist of sessions on drivers of dairy farm profitability, succession planning and value chain analysis. The programme is structured so that farmers may attend the conference and farm visits the next day. For more information on the World Dairy Summit programme, contact Dr Nico Schutte at 012 843 5604 or send an e-mail to [nico.schutte@mpo.co.za](mailto:nico.schutte@mpo.co.za).

### Report problems with TB and TB certification

Milk producers who are currently experiencing problems with TB and/or TB certification of their herds are urged to submit information in this regard to Dr Nico Schutte of the MPO's Cendel. To send an e-mail to Dr Schutte, please [click here](#).

### Attack on dairy farm in Malmesbury

Mr Pieter Loubser and his wife Brenda were attacked on their dairy farm in Malmesbury over the weekend. Both sustained serious injuries and are being treated in a local hospital. The MPO wishes them a speedy recovery.

### RSG interview

Ms Lise Roberts of RSG spoke to Dr Danie Odendaal, well-known veterinary adviser, on Monday, 21 November about livestock diseases prevalent at this time of the year. Use the tag below to **listen** to this interview.

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**the dairy mail**

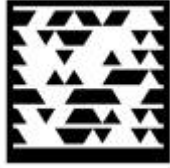
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**COMFORT TURNS TO GOLD**

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### Contact us

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**Dr Koos Coetzee** – Economist

**Philip Swart** – MPO member services

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