



MELKPRODUSENTE-ORGANISASIE  
MILK PRODUCERS' ORGANISATION

# MILK BULLETIN

In partnership with  
**the dairymail**  
Publication for the dairy industry

*Represents and empowers the producer*

**10 February 2017**

## South African dairy market outlook 2017

South African producers had a hard time during the recent drought, the worst in many years. Total milk production in 2016 is estimated at 1,4% less than in 2015. In 2016 67 514 tonnes of dairy products were imported, 14% less than in 2015 but only 3% less on a milk-equivalent basis. UHT imports decreased from 28 million litres in 2015 to 19 million litres in 2016. Exports decreased by 7%. The total dairy supply (milk production plus import less export in 2015 and 2016) is compared in Table 1.

**Table 1: Total milk supply, 2015 and 2016 (Mil.L.)**

Item	2015	2016
Milk production*	3 075	3 032
Imports**	326	317
Exports**	418	367
Net supply	2 983	2 982

Source: \* Milk SA; \*\* Agri Inspec data

Table 1 shows that the total milk supply in 2016 was equal to the total supply in 2015. The Nielsen figures to September 2016 show positive market growth in all categories, with the exception of the liquid milk category. However, the fast growth of the UHT segment resulted in the positive growth of the liquid milk sector.

No supply growth in 2016, positive demand growth and higher import prices will put pressure on local processors. Production conditions have improved greatly since 2016. Grain prices are still high and will only decrease once the new season's grain reaches the market. At present the milk:feed price ratio is still not at a level that encourages production growth. Production growth will only result if producer prices are increased. High beef prices also make dairy farming less attractive than beef farming and provides a ready market for cull cows.

## Schedule your dairy farm training now

Helene Pheiffer, manager of training at the MPO, urges milk producers to schedule their dairy farm training as soon as possible. The Institute for Dairy Technology is currently scheduling their training programmes for 2017. Courses are aimed at dairy farm workers and supervisors. Click [HERE](#) for details of the training programmes offered. Please contact Jas Wasserman at 012 843 5743 or 082 490 2465 for assistance and to book a five-day course.

## See you at MPO North West Silage Day!

Johan Strydom, chairman MPO North, invites milk producers to one of the highlights on the dairy calendar - a Silage Day on 16 February 2017. The event will take place on the farm Wolvenfontein in the Lichtenburg district from 08:30. Registration will commence at 07:30. The programme promises to be interesting and informative, and includes presentations on the science of silage by experts, practical demonstrations and

product exhibitions. The MPO's Institute for Dairy Technology and NWK will also present training to farm labourers. Click [HERE](#) for the invitation and programme.

All dairy farmers are also invited to a farmers' braai at Wolvenfontein farm on 15 February from 18:30. Piet Pompies will provide the entertainment for the evening. Click [HERE](#) for the invitation. For more information contact Benita on 073 116 8544 or send an email to [benita@mpo.co.za](mailto:benita@mpo.co.za).

MPO North chairman Johan Strydom gave an overview of the highlights of the Silage Day in an interview with Lise Roberts on RSG Landbou. To listen to this interesting interview, click [HERE](#).

### Animal disease reports from DAFF

The Department of Agriculture, Forestry and Fisheries recently released its animal disease reports for September, October and November 2016. To view the reports, click [HERE](#).

### International market

#### Improved international outlook

The international dairy outlook improved significantly in 2016. International dairy product prices increased to record levels at the end of 2016. The trade-weighted index of dairy product prices of Global Dairy Trade is currently at 1 082, up 51% since December 2015 and at the highest level since July 2014. The main reasons for the increase in product prices are lower production in major exporting countries, a slow recovery of demand, especially from China, and a slow recovery of European demand.

Milk production decreased in many major exporting countries in 2016, compared to 2015. Based on 11 months' data, New Zealand production decreased by 1,9%, Australian production was down by 7,2%, Argentina and Uruguay production decreased by 11% and Ukraine produced 3,1% less dairy. Although quotes were abolished in 2015, production in the European Union was only 0,5% higher than in the first eleven months of 2015. Production-limiting subsidies in the EU will probably limit production growth. In the United States production grew by 1,3%. Lower grain prices will probably ensure production growth in the USA in the rest of 2017.

European intervention and private stocks of dairy products increased from June 2015. Public milk powder stocks peaked at 360 000 tonnes in July 2016, and have since decreased slightly. Butter stocks decreased from 100 000 tonnes in July 2016 to 40 000 tonnes in November 2016 and cheese stocks decreased from 33 000 tonnes to 17 000 tonnes. Thus, while European stocks are still high, there was a significant improvement. It is also clear that the EU released surplus stocks very carefully to the market so as not to disrupt the market balance. As the EU's production-limiting subsidies take effect, stocks will decrease further.

#### Water, water everywhere

Water is an essential resource on a dairy farm, not only because cows can't produce milk without it, but also because it is widely used on the farm. Think about it. We use it to wash, clean and cool dairy facilities and in hot summer months we use more water to cool the cows.

One does not have to look further to find reasons to use water more efficiently, especially when you have a strategy in the summer to cool cows with water. There are lots of practical and easy ways to save water in the process. The Progressive Dairyman has five easy tips on how to save water, while cooling the cows down. To read more about this, click [HERE](#).

#### Are you nuts?

Creating a cheese from nuts is not a nutty professor's idea of being funny, but a clever marketer's idea to sell a product that is aimed at the vegan and vegetarian consumer. Although cheese already has a nutty undertone, this kind of "cheese" should be dairy-free. The question on everybody's lips with this hot topic is: will this nutty-

based alternative give the real deal a run for its money? Michael Schwartz, the founder of Treeline Treenuts Cheese, believes the two products are not in direct competition with each other. To read more about this, click [HERE](#).

## Technology transfer

### Bigger might well be better

“Big is bad...small is beautiful...” We are constantly bombarded by marketing messages suggesting that only small-scale, local, artisanal food is environmentally sustainable. Although consumers celebrate efficiency in vehicle mileage per litre or smart-phone battery life, it appears to be a negative concept when associated with dairy production, as it is associated with large “factory farms” and the perception that farmers are more concerned with profit than with caring for their livestock. For interesting insights into the sustainability of large dairy farming operations by UK-based livestock sustainability consultant Dr Jude Capper, turn to page 38 of the February issue of *The Dairy Mail*. To read the digital copy of TDM, go to [www.agricconnect.co.za](http://www.agricconnect.co.za).

## Events

### Diarise SALHC 2017

The South African Large Herds Conference will be held at the Champagne Sports Resort in the Drakensberg from 5 to 7 June 2017. The theme is “Resilience” – something every farmer needs in abundance. The programme has already been finalised and can be found on our website [www.largeherds.co.za](http://www.largeherds.co.za).

We would like to thank our sponsors, and especially our platinum sponsor, Standard Bank, for so generously supporting this conference yet again. Anyone wishing to sponsor and/or exhibit (stands are going at a rapid rate) must please contact Julie McLachlan on 083 740 2720 or email [julie@mpo.co.za](mailto:julie@mpo.co.za) as soon as possible.

All information on the conference, the programme, speakers, venue and accommodation can be found on the website where booking and registration forms can also be downloaded.

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