

Devenish Diary

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Dear Readers

Welcome to our latest edition of the Devenish Diary.

Thank you again for your comments and suggestions, and we look forward to your feedback on this issue.

We continue to invest in innovation and we are always very pleased when we can progress an issue of real significance in conjunction with our customers. Challenges remain significant, but opportunities too await development.

Owen Brennan



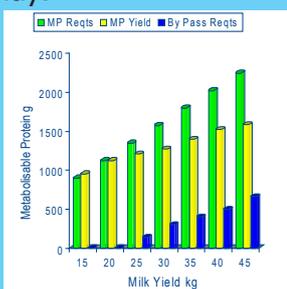
ByPro

Role of By-Pass Protein in Ruminant Nutrition

Genetic improvement of modern ruminant livestock has increased the importance of providing the correct balance of essential nutrients if targets for production, health and fertility are to be achieved.

Meeting the needs of the rumen is always the first priority when formulating diets as this will optimise the flow of microbial protein for future digestion further down the digestive tract. DeviCell Yeast is a licensed live yeast product for use in Bovine feedingstuffs with a proven track record for influencing rumen function, milk output, milk quality and increased liveweight gains.

However, a supply of both degradable and undegradable protein is essential if production targets are to be achieved. The normal level of metabolisable protein required per day is 8-10% of the total DMI. The difference between this and the normal level of protein present in the diet at approximately 18% of the dry matter, reflects the efficiency of utilisation of the dietary protein during fermentation and absorption. As performance improves, the requirements for by-pass protein increases significantly.



To satisfy the increasing protein requirements, the by-pass protein supplied must not only be highly digestible but also provide a balanced blend of essential amino acids to complement the supply from other feed ingredients and microbial protein. Imbalances in protein can therefore reduce profitability.

Nutritionists at Devenish Nutrition, as part of their added value programme, have developed and tested ByPro, a unique cost effective solution, which provides a combination of high quality digestible by-pass protein in conjunction with added by-pass amino acids.

ByPro provides a source of digestible by-pass amino acids that can promote milk production and growth. It is a high quality product that does not contain hazardous products such as formaldehyde.

Analysis

Dry Matter	90.0%	Crude Protein	46.0%
ERDP	106g/kg	DUP	276g/kg
Oil	2.50%	Fibre	3.60%
MER	11.50MJ/kg	Ash	8.50%
Calcium	0.29%	Phosphorus	0.62%
R DU Lys	1.75%	R DU Met	0.69%
PDIE	30.5	PDIA	26.8
PDIN	33.4		

Article by Ruminant Team

FEED PRICES SPRING 2011

Where are we going next ?

Following huge feed price rises, increasing since July 2010, the cost of pig production has hit unprecedented highs of €1.70 per kilogramme as of March/April 2011, with market returns averaging only €1.40 for the same time period (July – March), resulting in huge and concerning losses in the sector.

The big question is “how much longer will these losses apply?”, as no business can sustain such losses for a prolonged time period and emerge unscathed. Whilst there is no easy answer on this one, there are certain factors pointing to the industry emerging from losses over the next few months.

Feed prices

Today’s feed prices are resulting in a historically high feed cost per kilogramme dead of approximately €1.20, or close to 70% of total production costs. Of the €1.20 required to pay for feed to produce one kg of pigmeat, about €0.90 is the cost of cereals and soya. (In June 2010, this cost (cost of cereals and soya) could have been as low as €0.57/kg). This is an increase of €0.33 cents per kg, or about €25 per pig sold, due solely to cereal and soya prices.

Clearly the major elements to consider when we look at the big picture of feed production costs, is the cost of cereal and soya. Market changes regarding cereals from June 2010 to today is laid out below in Table 1 – (London and Chicago).

Obviously wheat has risen to highs in February 2011, and slipped a bit through March, with large gains following the most recent USDA Quarterly Stocks Report and Planting Intention Survey.

Table 1: May 2011 Wheat Future Prices

Month	LIFFE (£/ton)	CBOT (\$/bl)
MAY WHEAT 2011 CONTRACTS		
June 2010	£115	\$5.40
August 2010	£160	\$7.10
October 2010	£160	\$7.25
December 2010	£172	\$7.80
February 2011	£210	\$8.60
March 22 2011	£192	\$7.05
May 5 2011	N/A	\$7.05

However at the time of writing, May wheat prices are still ahead of where they were in December. US maize prices have followed the same pattern, going from a price of about \$4.00 per bushel rising to a high of almost \$7.50, and currently settling about \$7.05. At the time of writing the estimates on residual US maize pre 2011 harvest will be very small, and could well lead to further price pressure.

Table 2: December 2011 Wheat Future Prices

Month	LIFFE (£/ton)	CBOT (\$/bl)
DECEMBER WHEAT 2011 CONTRACTS		
June 2010	£115	\$5.90
October 2010	£130	\$7.60
January 2011	£170	\$9.00
March 22 2011	£154	\$8.10
May 5 2011	£168	\$8.41

Currently autumn/winter wheat prices are in the order of £35/€45 cheaper than currently. A break of this magnitude across all cereals would reduce feed costs by about €0.12 per kilogramme. Soya prices had eased a little, and with the easing dollar there had been modification of the ground soya prices. However rising US maize prices has forced up soya, and the current line of thinking is that the US needs a planting of over 92 million acres of soya, and over 76 million tonne of soyabean.

Table 3: Hi Pro Soya Future Prices, Chicago Board of Trade

	May 2011	Dec 2011
June 2010	\$265	£278
October 2010	\$340	\$302
January 2011	\$385	\$346
March 22 2011	\$362	\$355
May 5 2011	\$342.8	\$342.2

The markets from here until closer to harvest will be volatile, potentially in both directions, and will be influenced by:

- Old crop usage rate, (as per March 31st USDA Quarterly Summary),
- Changes in anticipated plantings anywhere in the world: this has been taking place in the last 2-3 weeks as premiums are being built into the market as a result of dry weather in Europe and excessive wetness in the US
- Weather effects on planting, crop development or harvesting,
- Changes in 2011 ending stocks,
- Speculator activity and sentiment,
- Global stock market and other commodities.

In short I do not currently expect any significant mitigation in feed prices until closer to harvest. As of the beginning of May, a lot of the above factors are not in the farmers favour.

The major factors that can potentially turn these autumn markets in either direction from here, are in probable order of magnitude

- 2011 plantings,
- As of end of March, the projection is for increases in planted and harvested cereal acres, giving an estimated 3.5% increase in global harvest,
- Ending stocks, if ending tighter than currently anticipated will increase autumn 2011 prices,
- 2011 crop performance, decreasing yields will increase prices,
- Speculation, which is now at an extremely high level, if markets share price will readjust.

In summary on feed costs, there are potential dangers and opportunities going into harvest, and an anticipation of lower costs post harvest.

Prices correct as of 5th May 2011.



Pig Prices

Currently languishing in the mid €1.40s – prices have increased by about 6% up to 5th May 2011. This percentile rise leaves us below most other western pig producing nations.

Table 4: Pig Price Increases 2011

- USA + 21%
- Canada + 20%
- Denmark + 14%
- Germany + 18% (from mid December)
- Spain + 20%
- Ireland + 8%

Furthermore, available future prices are currently running higher from midsummer 2011. Supply reductions are not as large as hoped for year on year, however there has been some decline in supply over the last few years, and further anticipated reduction in supply for the second half of 2011, across the major exporting nations.

As a consequence of high global feed prices there is unlikely to be any significant expansion in 2011 through 2012 at this point in time.

Summary

Pig prices to remain below production cost for another few months, based on high feed prices and pig prices rising too slowly to keep pace, however Quarter 3 should see a return to badly needed profits, which should continue through Quarter 4.

Prices correct as of 5th May 2011.

Pig Articles by Aidan O'Toole

Devenish Nutrition undertakes major poultry research project

Devenish Nutrition is pleased to announce that in conjunction with Carton Brothers, Shercock, it will undertake a major poultry research project to study the effect of selected water soluble products on the Campylobacter population in broiler chickens. This project will be conducted over a two year period and substantial grant assistance for the study has been provided by InterTradeIreland through their INNOVA Research & Development support program.

Campylobacter are bacteria which cause gastroenteritis in humans and are recognized as the most frequently reported food-borne cause of gastroenteritis in humans within the European Union. Poultry meat is acknowledged as a potential source of the bacteria for human infection. Live birds can harbor high levels of Campylobacter in their intestines without exhibiting any signs of clinical disease. During bird processing, these bacteria can transfer onto the carcass, contaminating the poultry meat. Two main routes of human infection are suggested, namely undercooking of the poultry meat & / or cross contamination of ready-to-eat foods with bacteria from raw poultry meat.

The poultry industry is actively seeking to find effective methods of reducing Campylobacter carriage levels in poultry through industry led research such as the Devenish/Cartons INNOVA project. Strategies to reduce the Campylobacter population can be applied at various stages in the production chain including in the live bird, at the processing plant and/ or on the carcass. The Devenish/Cartons INNOVA project will target the Campylobacter population in the live bird thereby reducing the bacterial load entering the processing plant which should in turn reduce the risk of cross contamination of the poultry meat.

In vitro laboratory tests have demonstrated that a wide variety of feed additives exhibit antibacterial activity against Campylobacter but such activity must also be demonstrated in the live bird if carriage of the bacteria in commercial flocks is to be successfully reduced. The Devenish/Cartons INNOVA project will evaluate a range of additives applied via the drinking water for their effect on the Campylobacter population of the live bird prior to slaughter.

Liam Nellis, InterTradeIreland Chief Executive said: "We are very pleased to support this collaborative R&D project which brings together complimentary expertise from both jurisdictions combining Devenish Nutrition's skills in agri-technology with Carton Brothers experience in poultry production. In doing so, both companies will play an important role in tackling an issue that not only supports industry on the island but that has potential benefits for the health and wellbeing of our society."



Project Managers for the InterTradeIreland INNOVA project Mr Tom Horan, Carton Bros (left) and Dr Heather Hayes, Devenish Nutrition (centre) discuss project details with Mr Liam Nellis, CEO InterTradeIreland.

Article by Dr Heather Hayes



DeviQ



OPTIMISING STOOL QUALITY

DeviQ has a series of tangible benefits for both the owners and their animals. Among the many positive effects noticed by owners after starting to use DeviQ are:

- Significantly firmer, good quality stools
- Easier stool collection
- Reduced stool odour
- Enhanced coat shine

Need help to control intestinal challenges in your broilers or turkeys? Try

ChickGuard



DEVENISH ENJOY SUCCESSFUL VIV ASIA

Devenish Nutrition attended the recent VIV Asia Trade Show at the BITEC in Bangkok. Nearly 30,000 visitors attended the 3 day event which ran from 9 -11th March 2011, representing a 40% increase in visitor numbers from the 2009 show. The show attracted 680 major companies from around the globe as well as local companies eager to increase sales and presence in the Asian market.

Devenish already have a growing presence in the Asian market, with partners and distributors in Thailand, Philippines, Malaysia, Vietnam, Cambodia, South Korea, Taiwan and Japan. A number of meetings were held to increase existing business, whilst others took place with key players in territories within Asia where Devenish Nutrition are planning to expand in to.



DEVENISH NUTRITION OPEN NEW DISTRIBUTION CENTRE

Devenish Nutrition opened their new 37,000sq ft Distribution Centre in March. The site, which will house all finished goods has been opened so that further expansion of the production facilities at the main site can be completed over the next 12 months.

Richard Kennedy, acting Operations Director commented "This move is a great step forward for Devenish Nutrition. The increasing demand for our products in both our home and export markets speaks volumes about the strength of our products in the market. Devenish Nutrition has grown significantly in the past 12 years, and this expansion will help us to continue our growth"

NEW STARTS AT DEVENISH NUTRITION

Graham Manson



Graham completed his BSc Hons Agriculture at Harper Adams University from 1994-98. From 1999-2004 Graham worked for Tunnel Tech North Limited as Production & Despatch Manager. This company was the UK's largest phase 3 mushroom compost supplier. Over the next 3 Years, Graham worked in 2 separate roles for Bernard Matthews as Production Manager and Despatch Manager.

From 2008-2010 Graham was the Shift Manager for Unique Prepared Foods Limited. This role was within the Deli factory that supplied Marks & Spencer. Graham was also responsible for a second unit where in-flight meals for British Airways were prepared. Graham has been the Production Manager at Devenish from June 2010.

Debbie Muholland



Debbie studied HND Business and Finance at University of Ulster for 2 years, recently completed her NVQ Level 2 in Business and Administration. From 2000-2004 Debbie was employed by Wincanton Logistics for their Musgrave/ Supervalu Centra contract as a Transport Clerk, with responsibility for organising chilled and ambient runs across Northern Ireland with some back loading from Southern Ireland. She also ensured all drivers were dispatched with correct paperwork and met legal road requirements.

Since 2004-2010 Debbie was employed by Montgomery Transport Group as a customer services advisor. Her main tasks were liaising with customers over transport queries and bookings, dealing with any issues or complaints and endeavouring to meet customer transport requirements, with responsibility for key accounts. Debbie has been with Devenish since December 2010 in our Customer Services department.

Patricia McStravick



Patricia has had varying roles to date with major market leaders within the global automotive, aircraft and manufacturing areas. Professionally, Patricia is CIPS certified and has obtained both undergraduate and postgraduate status in the field of strategic procurement management. Patricia brings with her a wealth of knowledge gained within both the public and private sectors over the past 10 years.

Patricia's main focus initially within Devenish is sourcing and supplier management within the purchasing department. Patricia has been at Devenish since October 2010.