



CHAVEREYS

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MONTHLY FARMING UPDATE

May 2018

GDPR—Please remember to let us have your consent to further receive the MFU



I Policy issues

- 1 A survey of farmers conducted by the Nature Friendly Farming Network has indicated that 89 per cent are in favour of a radical change in farming policy following Brexit. Of those surveyed, 96 per cent favoured high environmental standards being a key requirement of future trade deals, 93 per cent wanted the level of Government investment in the industry to be maintained and 79 per cent wanted the environment at the centre of farming policy.

II CAP/Brexit (etc.) support details/payments

- 1 A leaked draft paper suggests the European Commission is to cap direct aid payments at €60,000 under the new version of the Common Agricultural Policy from 2021.
- 2 Basic Payment Support, Greening and Young Farmer support payments have finally begun in Scotland following the introduction of the loan scheme.
- 3 The Rural Payments Agency has made bridging payments to the 4 per cent of farmers who have yet to receive their 2017 Basic Payment.

III Grants/regulations/legislation/environment

- 1 The Scottish Government has made £250,000 available to assist with the cost of the uplift and disposal of dead sheep and cattle following adverse weather conditions.
- 2 The National Bee Unit has confirmed a sighting of an Asian hornet in the Bury area of Lancashire. It was found in a cauliflower which has been traced to Boston in Lincolnshire.

IV Other matters of farm finance and tenure

- 1 Figures released by Defra for 2016/17 show that households in rural hamlets and isolated dwellings had the highest disposable incomes at an average of £870 per week, £177 more than the urban average. Household expenditure for the category was an average of £643 per week, £170 more than the urban average. Average household expenditure as a proportion of disposable income was highest in rural town and fringe areas at 75 per cent and lowest in urban areas at 68 per cent.
- 2 The Agricultural Price Index for February for all outputs rose by 0.9 per cent compared to January and by 2.6 per cent compared to a year earlier. The inputs index fell by 0.2 per cent compared to January but was up 2.8 per cent compared to a year earlier.
- 3 The Government has announced that plant nurseries will fall under the agricultural exemption for business rates.

V Product prices

A Market background

- 1 Sterling continued its strengthening trend against the Euro for the first half of April but suffered a material drop mid-month before returning to improving again, albeit with a higher level of daily volatility. From an opening position of 87.9p per € the rate built up to a peak of 86.3p but within three days it was back to 87.8p, before eventually closing the month at 87.3p per € (0.6p stronger). Sterling followed a similar trend against the US Dollar for the first half of April but weakened for the latter half of the month meaning that, from a starting point of 71.3p per \$, and after peaking at 69.6p per \$, the exchange rate closed at 72.6p per \$ (1.3p weaker). Brent Crude oil prices, after an early dip below \$67 per barrel, gained over 10 per cent on its opening position of \$67.69 per barrel to close at the April peak of \$74.64 per barrel.

B Crops

1 The wheat price made further gains this month, particularly milling quality which reversed the previous month's reduction in milling premiums. The main drivers of the price improvement were diverse: late snow cover in the northern states of the US is hampering spring drilling; dry weather in Argentina and southern US is suppressing crop potential and an increased domestic demand in UK but these were countered by late reports of forecast rain in the US and the strengthening Dollar. Oilseed prices remained flat, the product of a reduced domestic demand and market anticipation of increasing Chinese oilseed production, tempered by the weaker Sterling. LIFFE feed wheat futures were largely positive throughout April, closing up across the board, albeit on a slightly downward trend. In late April, deliveries for November 2018 and 2019 both stood at £147/tonne (+3) and (+2) respectively, whilst March 2020 futures improved to £149/tonne (+2).

Average spot prices in late April (per tonne ex-farm): feed wheat £147 (+3); milling wheat £157 (+8); feed barley £143 (+5); oilseed rape £284(-); feed peas £152 (+5); feed beans £161 (+5).

2 Potato prices were largely flat throughout April, as was the market for trading. High stock levels remain the predominant factor in suppressing prices in the bagging and processing sectors, whilst increasing instances of storage issues and silver scurf appeared to contra the market's early concerns over what impact the current wet weather, during the planting season, will have. The average potato price dropped by £2 from its opening position of £156 per tonne to reach a late April close of £154 per tonne (£63 below the April 2017 closing average). The free-buy average, as a result of the flat market, remained under pressure, moving downwards from an opening position of £105, the average dropped £9 to close the month at £96 per tonne, £156 below April 2017). 2017 crop prices for grade 1 in late April (per tonne ex-farm): Maris Piper had increased its spread at both extremes to between £200 and £300, whilst Desiree had tightened in spread to between £75 and £85. King Edward improved to between £110 and £165, whilst Estima and other white varieties widened in spread to between £45 and £110.

C Livestock

- 1 Cattle prices closed April largely where they started but with fluctuations throughout. The average finished steer price, from its opening position of 196p/kg lw, peaked at 198p/kg and dropped below 194p/kg but eventually settled back at a closing average of 196p/kg lw (unchanged and 8p/kg above the closing average a year earlier). The average finished heifer price, similarly, from its opening position of 204p/kg lw, peaked at 207p only to drop back to a close 1p down at 203p/kg lw (5p above the price a year earlier). The average dairy cow price remained relatively weak, dropping from its opening position of £1,186 per head to a low of £1,001 before a small recovery led to a close of £1,032 (£154 lower but £76 above the closing average a year earlier).
- 2 The lamb market, despite being past the Easter peak, showed further material price movements. The average new season finished lamb price (SQQ live weight) opened at 233p/kg lw, gained 38p to peak at 271p/kg before dropping back sharply in the latter half of the month to close at 229p/kg lw (down 4p in the month to sit 47p/kg above the average a year earlier).
- 3 The average UK all pig price (APP) gained a small margin at the start of the month before continuing the gradual decline seen over the past months, only to gain back its losses at the end of the month. Having opened at 148.3p/kg dw the average peaked at 148.6p/kg, dropped to 147.9p/kg before recovering to a closing position of 148.4p/kg dw (up 0.1p/kg, to sit 9.8p/kg below the closing average a year earlier).

- 4 The UK average 'all milk' price for February, published in April, reported a loss of 0.96p to give an average of 29.64ppl (2.17ppl above the price a year earlier and 1.54ppl above the rolling 5 year average of 28.10ppl). The most recent update for the UK's ranking against the 'EU28' farmgate milk price was for January when the UK ranked 17th (down one place) against an EU28 weighted average of 32.44ppl (1.63ppl below the December 2017 average).

VI Other crop news

- 1 Defra has applied to the EU for a one-year UK-wide derogation to the three crop rule following adverse spring planting conditions.
- 2 The Agricultural Price Index for February for the output of all crop products rose by 0.9 per cent compared to January but was down 1.5 per cent compared to a year earlier. The index for potatoes was up by 5.5 per cent compared to January but down 28 per cent on a year earlier. The index for forage plants rose by 3 per cent and 22 per cent respectively.
- 3 AHDB funded research has revealed that 26 per cent of all septoria tritici isolates tested early this season carried a mutation which confers reduced sensitivity to SDHIs compared to 15 per cent of those tested in 2017 and 0 per cent of those tested in 2016.
- 4 Vivergo's bioethanol plant in Hull has reopened following a 4-month closure.
- 5 Following the end of the 2017/18 sugar beet campaign, British Sugar has reported that its four factories processed 8.9 million tonnes of sugar beet with a record average yield of 33.8 tonnes per acre, 1.5 tonnes per acre above the previous record.

VII Other livestock news

- 1 The Government has called for evidence for a potential ban on the live export of animals for slaughter after Brexit.
- 2 The Farm Animal Welfare Committee is conducting a review into the welfare standards for animals during transport with assistance being provided by Scotland's Rural College and the University of Edinburgh.
- 3 Defra has announced a new Livestock Information Service which will give farmers and processors accurate information about animals and their movements. The new service will be in operation next year.
- 4 The Animal Health and Welfare Board for England has published its annual report for 2017.
- 5 Defra has called for information about evidence-based interventions (including epidemiological and regulatory/economic measures) for bovine TB control. The consultation period closes at the end of this month.
- 6 In the year to January 2018, the number of new herd bovine TB incidents rose by 1 per cent in England with an increase of 11 per cent in the Edge area but a fall of 9 per cent in the Low risk area. There were increases of 29 per cent in Scotland and 14 per cent in Wales. The number of herds not officially TB free rose by 7 per cent in England with increases of 4 per cent in the High risk area, 25 per cent in the Edge area and 9 per cent in the Low risk area. There were increases of 29 per cent in Scotland and 14 per cent in Wales.
- 7 The Agricultural Price Index for February for the output of animals and animal products rose by 0.9 per cent compared to January and by 5.6 per cent compared to a year earlier. The index for sheep and lambs rose by 12.4 per cent and 21 per cent respectively while the milk index fell by 2.4 per cent compared to January but was up 7.9 per cent on a year earlier.

- 8 The cervid Transmissible Spongiform Encephalopathy, or Chronic Wasting Disease, has been found in reindeer in Norway following cases in Finland. The risk of spread to the UK is considered to be very low.
- 9 Prime cattle slaughterings in March fell 4.3 per cent compared to a year earlier to 168,000; beef and veal production fell by 3 per cent to 77,000 tonnes; sheep slaughterings rose by 0.4 per cent to 1.048 millions; mutton and lamb production fell by 3.8 per cent to 24,000 tonnes, pig slaughterings fell by 3.3 per cent to 874,000; and pigmeat production fell by 3.8 per cent to 76,000 tonnes.
- 10 During March, milk production rose by 12 per cent, compared to February, to 1,257 million litres but production was down 2.1 per cent on a year earlier.
- 11 Muller is to increase the Muller Direct standard litre price by 0.75ppl to 26.75ppl with effect from next month.
- 12 First Milk is to sell its creameries at Campbeltown and Arran.
- 13 During March, average butterfat content was 4.2 per cent, up 0.9 per cent on February and up 1.9 per cent on a year earlier. Average protein content was static at 3.3 per cent.
- 14 As a result of a strategic partnership with Lidl, Muller Direct producers will be able to fix up to 50 per cent of their production at 28ppl for up to 3 years.
- 15 The Moredun Research Institute has developed a new ELISA blood test which can accurately identify sheep scab.
- 16 There has been an increase this year in the incidence of African Swine Fever in wild boar, farmed wild boar and domestic pigs in Europe. Significant numbers of cases have been reported in Poland and the Czech Republic while a first case has been reported in Hungary. The risk to the UK is still considered to be low.
- 17 Further outbreaks of H5N6 avian influenza have occurred in Denmark, Finland, Germany, Ireland, the Netherlands, Slovakia and Sweden. There have been no outbreaks in poultry in the UK but there have been cases in wild birds in Surrey, Suffolk, Devon, Lincolnshire, Glamorgan and Hampshire.
- 18 In March, commercial layer chick placings fell by 2.2 per cent compared to a year earlier to 3 million chicks; broiler chick placings rose by 1.5 per cent to 84 million chicks; turkey chick placings rose by 19 per cent to 900,000 chicks; turkey slaughterings fell by 15 per cent to 700,000 birds; broiler slaughterings rose by 6 per cent to 89 million birds; and total poultry meat production rose by 9.3 per cent to 135,700 tonnes.

VIII Inputs/Supply businesses

- 1 The European Commission has voted in favour of a complete ban on the outdoor use of three neonicotinoids – Clothianidin, Imidacloprid and Thiamethoxam.
- 2 The US Department of Justice has approved the merger of Bayer and Monsanto.
- 3 The Agricultural Price Index for February for energy and lubricants fell by 2.1 per cent compared to January but was up 6.7 per cent on a year earlier.
- 4 BASF is to acquire Bayer's vegetable seeds business including seed treatment products.
- 5 CF Fertilisers is to invest £40 millions in its Teeside manufacturing plant.
- 6 Bayer has introduced Flint (trifloxystrobin) to control powdery mildew and scab on apples and pears.

IX Marketing

- 1 Sainsbury's and Asda are in merger talks which would create a multiple with sales of £50 billions, over 2,000 stores and over 300,000 employees. The combined business would have over one-third of the grocery market.
- 2 Aldi is planning to increase the number of its stores from 762 to 1,000 by 2022 while Lidl expects its number of stores to increase from 719 to 1,200-1,500.
- 3 Statistics from Family Food 2016/17 reveal that the average household spent £43.18 per person per week on all food and drink including alcohol and dining out. In real terms this was 1.1 per cent more than in 2015. Since 2013, expenditure on household food and non-alcoholic drinks has fallen by 3.2 per cent while expenditure on dining out has increased by 9.5 per cent. Purchases of fresh and processed vegetables have remained static for the past 5 years but purchases of potatoes have fallen by 8.8 per cent over the same period. Purchases of chicken have increased, beef and pork have been stable but purchases of lamb have continued to fall over the past 10 years. Purchases of fish and fish products have fallen by 6 per cent over the past 4 years although there has been a modest increase in purchases of salmon. Butter purchases have fallen by 18 per cent since 2015 while margarines have increased by 45 per cent in the same period.
- 4 The EU has updated its trade deal with Mexico which will result in a significant reduction in agricultural tariffs. The change is expected to particularly benefit exports of cheese, milk powder and pork products.
- 5 A bill passing through the French Parliament will ban the use of meat terms in the marketing of vegan and vegetarian alternatives to meat products.
- 6 ABP Clones, Slaney Meats and Donegal Meat Processors in Ireland have all been approved for exports of beef by the Chinese authorities.
- 7 Figures from Kantar Worldpanel reveal that the value of UK cherry sales rose by 20 per cent to £131 millions in the year to February while volume sales rose by 15 per cent.
- 8 Norfolk-based potato grower Aurora Produce has been acquired by Produce World.
- 9 Figures from the AHDB reveal that cheese exports in 2017 grew by 23 per cent to £615 millions.

X Miscellaneous

- 1 NFU Mutual has reported an increase of 13 per cent in rural theft in 2017 costing the industry £44 millions. Significant increases have occurred in the theft of tractors, 4x4s, pickups and gator-type vehicles.

Postscripts

Thank goodness they're back!

The church ladies bulletin board -

The Fasting & Prayer Conference includes meals.

Scouts are saving aluminium cans, bottles and other items to be recycled. Proceeds will be used to help cripple children.

The sermon this morning: Jesus Walks on the Water.

The sermon tonight: 'Searching for Jesus.'

Ladies, don't forget the rummage sale. It's a chance to get rid of those things not worth keeping around the house. Bring your husbands.

The pastor would appreciate it if the ladies of the Congregation would lend him their electric girdles for the pancake breakfast next Sunday.

Low Self-Esteem Support Group will meet Thursday at 7pm. Please use the back door.

The eighth-graders will be presenting Shakespeare's Hamlet in the Church basement Friday at 7pm. The congregation is invited to attend this tragedy.

Weight Watchers will meet at 7pm at the First Presbyterian Church. Please use large double door at the side entrance.

The Associate Minister unveiled the church's new campaign slogan last Sunday:

'I Upped My Pledge – Up Yours.'

Monthly Farming Update

Trust will always be repaid in full!

Setting out the terms of one's will is never the jolliest task but it has to be done. Intestacy is likely to be a disaster in most cases and very distressing for the family of the bereaved.

The wills of farmers are frequently more complex than even the average business person as it is quite common for all one's worldly goods to, one way or another, be tied up in the farming estate. So the ability to be flexible and adapt to changing circumstances is probably more important to the farming community than most.

It is therefore important to ensure the correct choice of executors. Yet this frequently poses the biggest difficulty for many farmers. An industry known for its camaraderie and sociability commonly comprises individuals who claim to have few, if any, trusted friends. Are farmers afraid of fellow producers knowing about their business? Farming must be the one industry where it is difficult to take advantage of "insider knowledge".

What choice do you have? A non-farming family member or trusted friend – ideal if they are respected by the wider family; a fellow farmer – again ideal if respected by the wider family and will understand how the farming estate can fare after your demise; a professional – understands the law and the rules but does he or she understand what makes a farmer tick?

Professional help will be invaluable but do you want persons from outside your core community making decisions which will influence the future of your family?

Being an executor carries huge responsibility, particularly where discretion is involved. Whichever persons you choose must be fully conversant with all aspects of your affairs. To this end produce a "bible" of all relevant information which is updated at least annually. The "bible" should contain copies of the will, letters of wishes, farm accounts, plans of property, investment portfolios, details of pensions, names and addresses of family members and other useful information. Acting as an executor to a farmer is an important responsibility, you cannot expect someone to do it "blind."

Trust in your executor and your loved ones will follow suit.

We welcome feedback on the MFU.

Does this issue raise any questions in your mind?

Would you like more information on a particular item?

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If you would like to add a friend or colleague's name to the mailing list please contact Lindsay Glead

The MFU was edited from 1991 to 2006 by John Nix, Emeritus Professor of Farm Business Management at Imperial College London



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