



CHAVEREYS

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MONTHLY FARMING UPDATE

March 2019



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I Policy issues

- 1 Brexit this, Brexit that. There is no policy. It can be summed up as follows – ‘I speak, regrettably as a divorced man and when I got divorced I instructed a lawyer to go and sort my case. She did not come back two and a half years later and say ‘actually we think it would be a good idea if you go and move in with your ***** ex-wife.’ She sorted out the divorce. That’s what you (Mrs May) should be doing.’

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

- 1 Scottish hill farmers and crofters are to be offered a nationally-funded loan of up to 90 per cent of their Less Favoured Area Support Scheme entitlement with payments beginning in April.
- 2 The Countryside Stewardship scheme has now opened for 2019 and application packs can be requested.

III Grants/regulations/legislation/environment

- 1 Natural England has launched a new approach to protect great crested newts and encourage sustainable development. Developers in Kent can apply for a licence under District Level Licensing whereby a conservation payment is made to cover creating or restoring ponds in areas away from the development. Such areas will represent the best areas for newts to thrive and the habitat will be maintained and monitored for 25 years. 32 ponds in Kent have been created and restored and a further 30 are expected to have been restored by the end of 2019, thereby creating a ‘bank’ of ponds.
- 2 The Government is calling for views on the introduction of consultation covenants which would allow landowners to set legally binding obligations on their land for themselves and subsequent owners. The consultation period closes on 22 March.
- 3 The Climate Coalition has forecast that, as climate change intensifies, the UK could lose 75 per cent of the land currently suitable for growing potatoes by 2050.
- 4 The Government has confirmed that the Invasive Alien Species (Enforcement and Permitting) Order 2019 will come into effect in October. The annual estimated cost of invasive species is £1.7 billions. The order includes measures which will mean an end to the issue of release licences for grey squirrels.
- 5 In 2017, the UK recycling rate for waste from households increased from 45.2 per cent in 2016 to 45.7 per cent. The recycling rate for England was 45.2 per cent, for Northern Ireland 46.3 per cent, for Scotland 43.5 per cent and for Wales 57.6 per cent. Biodegradable municipal waste sent to landfill fell from 7.8 million tonnes in 2016 to 7.4 million tonnes. Of packaging waste, 70.2 per cent was recycled compared to 71.4 per cent in 2016.
- 6 The European beaver is to be added to the European Protected Species of Animals, protected under Scottish law, but measures will be introduced to mitigate any impact on farming.
- 7 Four young farmers and crofters have been appointed Young Farmer Climate Change Champions to champion a cultural and behavioural shift towards low-carbon, environmentally sustainable farming in Scotland.

IV Other matters of farm finance and tenure

- 1 Updated forecasts of Farm Business Income in England for the year to February 2019 have been published. Income of cereal farms is forecast to be up 13 per cent to £73,000 mainly due to increased prices; income of general cropping farms is expected to be down 8 per cent to £85,000 due to reduced yields and higher input costs; income of dairy farms is forecast to see a fall of 22 per cent to £93,000 due to increases in input costs, mainly feed; income of lowland grazing livestock farms is expected to be down 29 per cent to £16,000 due to a fall in average cattle prices, reduced numbers of stores and lambs and higher feed costs; income of grazing livestock farms in less favoured areas is forecast to be down 17 per cent to £24,000 due to reduced cattle output, lower average sheep breeding prices and higher feed costs; income of pig farms is forecast to be down 96 per cent at only £1,000 due to lower average prices and higher feed costs; income of poultry farms is expected to be down 45 per cent at £53,000 due to static prices but higher feed costs; and the income of mixed farms is forecast to be down 10 per cent to £38,000.
- 2 Average annual employee earnings in 2018 increased by 2.4 per cent in predominantly rural areas, compared to a year earlier, and by 1.9 per cent in predominantly urban areas, excluding London. Median workplace-based earnings in predominantly rural areas were £21,900 compared to £23,300 in predominantly urban areas.
- 3 An NFU survey has revealed that 63 per cent of farmers have no succession plans with 61 per cent citing the delicacy of the matter as the reason.
- 4 The Agricultural Price Index for all outputs in December fell by 0.2 per cent compared to November but rose by 4.1 per cent compared to a year earlier. The index for all inputs fell by 0.4 per cent compared to November but rose by 7.7 per cent compared to a year earlier.
- 5 As at 31 March 2018, the total area of land held by the 43 reporting smallholdings authorities in England was 89,020 hectares of which 83,600 hectares were let as smallholdings. This is a decrease of 2.8 per cent on the previous year. The main activities are arable at 26 per cent, dairy at 11 per cent, general livestock at 20 per cent and mixed farming at 36 per cent. There were 2,444 let smallholdings with dairy and general livestock units paying an average rent of £310 per hectare while mixed farms paid an average of £224 per hectare. Overall the average rent was £284 per hectare.
- 6 Defra has introduced a webpage which calculates the statutory holiday leave entitlement of an agricultural worker.

V Product prices

A Market background

- 1 Sterling remained relatively flat against the Euro for most of February, gaining significantly in the final week, but relaxing in the final days. Opening at 87.3p per €, the rate reached a low of 88.2p mid-month, peaked at another 22-month high of 85.4p and eventually closed at 85.7p per €. Against the US Dollar the performance of Sterling was similar but more volatile: weakening initially from its opening rate of 76.2p per \$, to a low of 78.1p, peaking at 75.0p in the last week and relaxing in the final days to close at 75.4p per \$. Brent Crude oil prices entered a volatile period this month: from an opening position of \$62.75, the average price dropped to \$60.81, climbed to \$67.89 and eventually closed at \$66.97 per barrel.

B Crops

- 1 Average wheat prices opened slightly stronger but dropped back over the remainder of the month. The additional strength of Sterling, a weakening Rouble (making Russian wheat cheaper in the EU market), and with EU exports lagging behind budget and needing to catch up, saw feed wheat and barley pulled prices down. Despite this, milling wheat prices gained strength, near-doubling the milling premium from £9 to 17. LIFFE feed wheat futures, whilst a little more volatile, fell throughout the month, resulting in further significant reductions, particularly in the shorter term. In late February, deliveries for November 2019 and 2020 stood at £146/tonne (-7) and £148/tonne (-5) respectively. Oilseed prices have again been dampened by the increased strength of Sterling whilst the underlying market dropped too, on the back of reduced demand from crushers and increasing imports from Australia. Pulse pea and bean prices continue to rise, with increased demand for beans in particular.

Average spot prices in late February (per tonne ex-farm): feed wheat £162 (-6); milling wheat £179 (+2); feed barley £136 (-15); oilseed rape £299 (-19); feed peas £221 (+3); feed beans £250 (+18).

- 2 The average potato price remains buoyant, well above the prior year but still relatively flat. The packing and chipping trades seem to have predicted the year well as they continue to leave the spot market largely untroubled, sticking broadly with contracted supplies. Export demand from mainland Europe (predominantly for chipping/frying) is stronger than in previous years and is helping to prop up the UK market. The average potato price gained £4 to peak just below £203 per tonne, only to drop back to a month close of £196 per tonne (£2 down in the month and £48 above the February 2018 close). The free-buy average was a little more volatile, gaining from an opening position of £246 per tonne to peak at £253 but then dropping back to close the month back at £246 per tonne (unchanged, to sit £143 above the average in February 2018).

2018 crop prices for grade 1 in late February (per tonne ex-farm): Salad varieties were becoming scarce, with limited numbers moving at £420; Maris Piper had reduced to between £310 and £400; King Edwards had dropped back to between £350 and £370; Estima and other white varieties had spread further to between £200 and £320, whilst red skin varieties (Mozart and Desiree) had gained a little at the top end to between £200 and £260.

C Livestock

- 1 Cattle prices remained divided with steers dropping and heifers gaining marginally. The average finished steer price rose slightly from an opening position of 187p/kg lw, to peak at 188p, before dropping back to 181p, whilst a late improvement led to a close of 184p/kg lw (3p down in the month and 14p/kg below the closing average a year earlier). The average finished heifer price rose from an opening average of 195p/kg lw to peak at 199p, dropping back thereafter to close at 196p/kg lw (1p up in the month and 9p below the price a year earlier). The average dairy cow price fell back and stayed low: dropping from its opening position of £1,260 to just above £1,000 per head early on and dipping to £969 late in the month but a small final gain led to a close of £1,009 per head (£251 down and £222 below the average a year earlier).
- 2 Lamb prices dropped back for most of the month. The average new season finished lamb price (SQQ live weight) dropped from an opening position of 200p/kg lw to a low of 189p but recovering partially in the later stages to close the month at 192p/kg lw (8p down to sit 18p/kg below the average a year earlier).

- 3 The average UK all pig price (APP) was volatile but with little actual price movement; opening at 143.6p/kg dw, the average rose to 144.1p dropped to 143.2p and eventually closed up at 143.8p/kg (up 0.2p to sit 5.2p/kg below the closing average a year earlier).
- 4 The UK average 'all milk' price for December, published in February, reported a reduction of 1.20p giving an average of 30.41ppl (1.23ppl below the average in December 2017 and 2.75ppl above the rolling 5 year average of 27.66ppl). In the ranking against the 'EU28' farmgate milk price for December the UK dropped three places to 18th against an improved EU28 weighted average of 32.87ppl (up 0.15ppl in the month).

VI Other crop news

- 1 In 2018, crop areas claimed under the Basic Payment Scheme fell by 2.9 per cent for wheat, 6.7 per cent for winter barley, 2.5 per cent for potatoes, 20.7 per cent for field beans, 14 per cent for peas, 7.8 per cent for temporary grassland and 12.2 per cent for flowers. However, there were increases of 0.9 per cent for spring barley, 5.2 per cent for oats, 4.5 per cent for sugar beet, 10.4 per cent for oilseed rape, 8.2 per cent for maize, 13.7 per cent for fallow, 0.3 per cent for permanent grassland and 1.3 per cent for fruit and vegetables.
- 2 A study undertaken by the John Innes Centre has revealed that low glucosinolate varieties of oilseed rape are at a much greater risk from slugs than other varieties.
- 3 CropEnergies has announced that ethanol production is to resume at the Ensus plant in Teeside.
- 4 The Agricultural Price Index for December for the output of crop products rose by 1.6 per cent compared to November and by 17 per cent compared to a year earlier; the index for cereals rose by 1.3 per cent and 26 per cent respectively; the index for potatoes rose by 0.4 per cent and 39 per cent respectively; the index for fresh vegetables rose by 1.7 per cent and 16 per cent respectively; and the index for forage plants fell by 24 per cent compared to a year earlier.
- 5 Of the samples tested in January in Bayer's SpotCheck, 35 per cent of oilseed rape crops tested positive for light leaf spot. Despite being prevalent in the north of the UK, 23 per cent of samples in Dorset and Hampshire tested positive.
- 6 In December, animal feed production rose by 10 per cent for sheep, 6.6 per cent for cattle and calves and 3.7 per cent for pigs but fell by 0.2 per cent for poultry, all compared to a year earlier. Wheat usage increased by 2.5 per cent while barley usage increased by 17 per cent.
- 7 Frontier Agriculture is building a new bean processing plant in the Midlands to provide a product which can be used in the manufacture of fish foods and other feed products.
- 8 Kantar Worldpanel has reported an increase of 0.5 per cent in the volume sales of potatoes in the past year and an increase of 3 per cent over the past 4 years.
- 9 Sugar beet growers have been warned of the high risk of virus yellows infection this season following the mild winter and the absence of neonicotinoid seed treatments.
- 10 Farmlnn, a fund launched by Rothamsted Research, is seeking innovative on-farm research projects to be created, co-designed and managed by farmers.
- 11 The World Apple and Pear Association has forecast 2019 southern hemisphere apple production at 5.26 million tonnes, up 2 per cent on 2018. Chile is the leading producer at 1.67 million tonnes followed by Brazil at 1.15 million tonnes.
- 12 Kantar Worldpanel has reported that UK stone fruit volume sales fell by 10 per cent in 2018 due to a 7.9 per cent increase in prices, a decline in purchase frequency and a reduction in basket sizes. Value sales fell by 2.9 per cent.

- 13 New Zealand Apples & Pears has predicted a top fruit crop of 604,500 tonnes, 2.5 per cent higher than last year.

VII Other livestock news

- 1 Figures as at 1 December 2018 in respect of livestock populations in England show there were 5.3 million cattle and calves, a fall of 1.6 per cent compared to a year earlier; cattle in the breeding herd totalled 1.8 millions, a fall of 1.7 per cent; the total pig population was 3.7 millions, a fall of 0.8 per cent; the number of fattening pigs was 3.3 millions, a fall of 0.8 per cent; the sheep and lamb population totalled 10.9 millions, a fall of 3.1 per cent; and the breeding ewe population was 6.4 millions, a fall of 4.4 per cent.
- 2 Researchers from Scotland's Rural College and Bangor University have suggested that daffodil extracts could be used as natural antimicrobials in cattle and sheep thereby reducing the use of antibiotics.
- 3 In the year to November, the number of new herd bovine TB incidents in England fell by 6 per cent compared to the previous year with falls of 10 per cent in the High risk area and 5 per cent in the Low risk area but an increase of 9 per cent in the Edge area. There was a rise of 5 per cent in Scotland but a fall of 6 per cent in Wales. The number of herds not officially TB free fell by 4 per cent in England with a fall of 8 per cent in the High risk area but there were rises of 21 per cent and 7 per cent in the Edge and Low risk areas respectively. There was a fall of 14 per cent in Scotland but a rise of 2 per cent in Wales.
- 4 A report produced by the European Centre of Disease Prevention and Control and the European Food Safety Authority has suggested that antimicrobials, which are used to treat diseases such as campylobacteriosis and salmonellosis which can be transmitted between animals and humans, are becoming less effective.
- 5 In the three months to September 2018, pre-movement testing for bovine TB in England identified 133 reactors out of 120,858 tests; similar testing in Wales identified 27 reactors out of 33,735 tests; and post-movement testing in the Low risk area of England identified 8 reactors out of 15,270 tests.
- 6 In January, slaughterings of UK prime cattle rose by 0.2 per cent, compared to a year earlier, to 170,000; beef and veal production fell by 1.2 per cent to 80,000 tonnes; sheep slaughterings fell by 6.9 per cent to 1,035,000; mutton and lamb production fell by 2.7 per cent to 24,000 tonnes; pig slaughterings rose by 2.6 per cent to 936,000; and pigmeat production rose by 1.5 per cent to 82,000 tonnes.
- 7 Defra has published updated guidance on how to recognise blue-tongue disease and how to control its spread.
- 8 The Agricultural Price Index for December for the output of animals and animal products fell by 0.8 per cent compared to November and by 3.1 per cent compared to a year earlier. The index for sheep and lambs rose by 4.7 per cent compared to November and by 2.1 per cent compared to a year earlier. The index for animal feeding stuffs rose by 0.5 per cent and 15 per cent respectively while the index for veterinary services rose by 14 per cent compared to a year earlier.
- 9 In January, UK dairies processed 1,186 million litres of milk, 0.9 per cent higher than December and 0.2 per cent up on a year earlier. Milk production rose by 7 per cent and 0.5 per cent respectively to 598 million litres; cheese production fell by 5.1 per cent and 0.1 per cent respectively to 38,500 tonnes; butter production rose by 11 per cent and 0.4 per cent respectively to 13,600 tonnes; and milk powder production fell by 9.4 per cent compared to December but was up 0.1 per cent on a year earlier at 6,800 tonnes.
- 10 Arla is to distribute the entire annual profit of Arla Foods to its farmer owners which will result in its British dairy farmers sharing a pool of £65 millions.

- 11 In January average butterfat levels fell by 1.2 per cent compared to December and by 1.1 per cent compared to a year earlier to 4.11 per cent. Production rose to 1,255 million litres, an increase of 1.3 per cent on December and 1.7 per cent on a year earlier. Average protein levels fell to 3.34 per cent.
- 12 Lye Cross Farm has launched the first ever organic cheddar produced entirely from milk from grass-fed cows.
- 13 Muller has reduced its Muller Direct price by 1.25ppl to 26.25ppl.
- 14 China has reported 112 outbreaks of African Swine Fever in domestic pigs in 26 provinces since the first outbreak last August. Three outbreaks have been reported in Vietnam in February, relatively close to the Chinese border, and 10 outbreaks have recently been reported in Mongolia.
- 15 Belgium has now reported 494 cases of African Swine Fever in wild boar since the first case last September, all in the Luxembourg region. No cases have been reported in domestic pigs.
- 16 A working sheep dog bitch has been sold for 14,000 guineas in Skipton, a new world record. The dog is bound for America.
- 17 In January, UK commercial layer chick placings rose by 2 per cent, compared to a year earlier, to 3.9 million chicks; broiler chick placings fell by 3.9 per cent to 101.2 millions chicks; turkey chick placings fell by 20 per cent to 1 million chicks; turkey slaughterings rose by 10.2 per cent to 2.1 million birds; broiler slaughterings fell by 4.7 per cent to 95.9 million birds; and total poultry meat production fell by 0.7 per cent to 186,990 tonnes.

VIII Inputs/Supply businesses

- 1 Avadex Factor, a triallate, has been approved as a pre-emergence herbicide to target black-grass, brome, rye-grass and wild-oats.
- 2 The European Commission Standing Committee on Plants, Animals, Food and Feed has voted for the non-approval of the use of ethoprophos, an insecticide and nematicide primarily used as a sprout suppressant on 80 per cent of potatoes grown in the UK.
- 3 BASF has received approval for Revysol, the first isopropanol-azole fungicide. It is reported to be effective against septoria tritici and rusts in wheat and ramularia in barley.
- 4 Under its Pesticide Amnesty Scheme, Severn Trent is offering farmers in the Midlands the opportunity to anonymously dispose of unwanted pesticides.
- 5 The Agricultural Price Index for December for fertilizers and soil improvers fell by 0.3 per cent compared to November but rose by 13 per cent compared to a year earlier.

IX Marketing

- 1 The latest Soil Association Certification Organic Market Report shows that, in 2018, sales increased by 14 per cent to £2.23 billions. The area of land in conversion increased by 30 per cent on 2017.
- 2 A study of global farm assurance schemes has placed Red Tractor at the top of the tree.
- 3 Canadian dairy giant Suputo is to acquire Dairy Crest.
- 4 US poultry business Tyson Foods has purchased the poultry assets of BRF. The assets include four processing facilities in Thailand, one in the Netherlands and one in the UK.
- 5 Midcounties Co-op in Gloucestershire is the first organisation to require every food and drink brand comprising its 'Best of our Counties' range to have its ingredient supply chain audited and published.

- 6 A survey in Wales investigating the 'Value of Welshness' has revealed that 85 per cent of consumers think food and drink from Wales is of high quality; 80 per cent would always buy Welsh produce if the price was right while 44 per cent are prepared to pay more; and 29 per cent of consumers outside of Wales would like to see more Welsh food and drink in their shops.
- 7 Graham's the Family Dairy has signed a 5-year agreement to supply fresh milk to all 85 Aldi stores in Scotland and other dairy products to stores throughout the UK.
- 8 Protected Geographical Status has been granted for the Vale of Clywd Denbigh Plum.

X Miscellaneous

- 1 In 2017 the mid-year population estimate for England was 55.6 millions of which 9.5 millions lived in rural areas. The rural population increased from 9.1 millions in 2011 but as a proportion of the total population it fell from 17.2 per cent to 17 per cent. Of the total, 45 per cent of the rural population are aged below 45 years compared to 60 per cent in urban areas. Between 2002 and 2017 the average age in rural areas has increased by 2.8 years.
- 2 George Eustace, the Farming Minister, has resigned over the Brexit delay.

Postscripts

To all those who love the philosophy of ambiguity

1. One tequila, two tequila, three tequila, floor.
2. Atheism is a non-prophet organisation.
3. If man evolved from monkeys and apes, why do we still have monkeys and apes?
4. The main reason that Santa is so jolly is because he knows where all the naughty girls live.
5. I went to a book shop and asked the saleswoman, "Where's the self-help section?" She said "If I told you, it would defeat the purpose."
6. What if there were no hypothetical questions?
7. Is there another word for synonym?
8. Where do forest rangers go to 'get away from it all?'
9. What do you do when you see an endangered animal eating an endangered plant?
10. If a parsley farmer is sued, can they garnish his wages?
11. Would a fly without wings be called a walk?

Monthly Farming Update

Don't die in the shooting season!

You may have read the results of the NFU survey on succession. This is very worrying.

The majority of respondents stated the cause as: the distress of having to recognise that the days of the senior generation were numbered. But this is nothing compared to the distress which can be caused by inter-sibling rivalry if succession has not been properly thought through.

Succession should ideally be an open discussion. But how do you deal with competing interests? A practical solution is needed, this may not mean equality but farming is a generational based industry and it is rarely possible to involve equality.

When the subject of succession arises, many turn to their legal advisers. Unless you are very fortunate this is likely to be the wrong move. They may know the law well but they are likely to know little about the family business or family members.

Accountants will, or should, have a good knowledge of the family business but are they 'bean counters' or people who fully understand the family mechanics? Few such individuals exist.

Often the best option, in a professional sense, is the land agent. If he or she is the right person, they are likely to know the farming business inside out and, more importantly, are likely to know well the family members. They don't need to be specialists in law or capital taxes but they may be best placed to understand the future of farming in general and the future for the farming business. They will also have a working knowledge of the single most valuable asset, the farm.

The problem with land agents is that most are shooting fanatics. So try to time death outside the shooting season otherwise you may have to go into cold storage for a while!

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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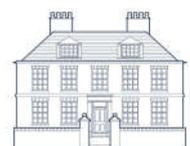
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