



CHAVEREYS

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MONTHLY FARMING UPDATE

May 2021



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I Policy issues

- 1 UK Research and Innovation has published 'UK plant research strategy: a green road map for the next 10 years.' The strategy seeks to address a range of global challenges, such as: reaching net zero to mitigate the effects of climate change; ensuring a sustainable and secure agri-food supply; protecting biodiversity and enhancing the environment; and addressing health and wellbeing within the population.
- 2 The Labour Party has launched a year-long review of all rural policies with meetings around the country to find out what rural communities want from their elected representatives.

II Reform

- 1 Defra has agreed to allow businesses in the Organic Higher-Level Stewardship scheme to roll over their agreements.
- 2 Defra has published details of the Climate Peatland Grant Scheme which will be administered by Natural England. The scheme is seeking landscape scale applications that work to restore the whole hydrological unit of a peatland. The scheme's objectives are to reduce emissions from peat by 9 mega tonnes of carbon dioxide equivalents cumulatively by 2050; establish the process of restoring 35,000 hectares of degraded peat in England by March 2025; and provide improved ecosystems and biodiversity. Applications for the restoration grant are now open.

III Grants/regulations/legislation/environment

- 1 Between 2017 and 2018, the UK's carbon footprint increased by 1 per cent reflecting an increase in household heating and imported goods. However, the footprint was 31 per cent lower than the peak of 2004. Greenhouse gas emissions were 23 per cent lower than in 1997 but emissions associated with imports from China were 64 per cent higher. Emissions relating to the consumption of goods and services in the UK were 37 per cent lower than in 1997.
- 2 The second edition of 'Natural England: Carbon storage and sequestration by habitat: a review of the evidence' has been published and suggests that peatlands hold the largest carbon stores of all habitats. The report sets out the evidence for how restoration and good management of habitats can contribute to climate change mitigation.
- 3 Research undertaken by Terra vesta, the University of Hohenheim and the international research project Growing Advanced Industrial Crops on marginal lands for bioRefineries has found that miscanthus is net carbon negative, capturing net 0.64 tonnes of carbon per hectare per year. The above ground crop is to create renewable energy while the underground rhizome and decaying leaf litter fixes and stores carbon.
- 4 An updated Countryside Code has been published by Natural England and Natural Resources Wales.
- 5 Marks & Spencer is to introduce more than 30 million bees to its Select Farms to boost pollination, improve product quality and produce honey.
- 6 The UK's Chief Plant Health Officer has given approval for the release of a parasitoid wasp, *Torymus sinensis*, a natural biological control agent, to help reduce the spread of Oriental Chestnut Gall Wasp in England to help protect sweet chestnut trees. The Gall Wasp causes galls on the buds and leaves and makes the trees more vulnerable to Sweet Chestnut Blight.
- 7 The Royal Academy of Engineering has awarded the NFU a grant of £29,125 to introduce schoolchildren to agricultural engineering.

- 8 The GCRI Trust is running a prize-winning competition to help the protected cropping industry reduce greenhouse gas emissions.

IV Other matters of farm finance and tenure

- 1 Defra has published its forecast of Farm Business Income for 2020/21 for England. Cereals income is forecast to be down 43 per cent at £36,000; general cropping down 35 per cent at £55,000; dairy down 10 per cent at £76,000; lowland grazing livestock up 78 per cent at £17,000; less favoured area grazing livestock up 42 per cent at £32,000; pigs down 87 per cent at £5,000; poultry up 48 per cent at £130,000; and mixed farm income up 8 per cent at £31,000.
- 2 The latest Scottish Farm Business Income Estimates shows that the average business income in 2019/20 fell by 36 per cent to £25,800. If support payments are excluded, the average business made a loss of £17,100 with only 28 per cent in surplus.
- 3 The Agricultural Price Index for February shows that outputs rose by 2.3 per cent, compared to January, and by 9 per cent compared to a year earlier. The index for inputs rose by 1.5 per cent and 6.3 per cent respectively.
- 4 AG Recruitment and Management Limited has joined Corcordia Limited and Pro-Force Limited as operators of the Seasonal Workers Pilot for 2021.

V Product prices

A Market background

- 1 Sterling fell against the Euro and gained against the Dollar this month, the opposite of March's movement. The Euro / Sterling exchange rate, opening at 85.1p per €, fell early on to 86.8p, recovered marginally but then fell further to 87.0p per € where it closed the month (down 1.9p). Meanwhile, having opened against the US Dollar at 72.4p, Sterling first peaked at 71.9p before falling back to 72.9p; a second peak at 71.5p came later in the month before the rate relaxed to an April close of 71.9p per \$ (up 0.5p). Crude oil prices opened the month with a small fall but, despite ongoing volatility, the general trend was up for the rest of the month. Brent Crude, from a starting position of \$64.57 per barrel, dropped to \$62.15, rose to \$68.56 and closed the month at \$67.25 per barrel (up \$2.68).

B Crops

- 1 Cereal prices pushed higher this month as concerns over dry conditions hampering development of the 2021 cereal harvest in Europe combined with similar concerns for the Brazilian maize harvest, spring cropping in Canada and reports of cold, dry conditions in the US; material increases in Ukraine's predictions for its wheat and maize output were not enough to counter these factors. Milling premiums have held steadier at £12 and £15/tonne. LIFFE feed wheat futures gained materially over the course of the month, with price swings exceeding £30 in the shorter term, but fell back marginally in the final stages. By late April, deliveries for November 2021 and 2022 were £190/tonne (+26) and £170/tonne (+10) respectively whilst March 2023 deliveries were up to £175/tonne (+11). Oilseed rape prices continue to fluctuate, albeit remaining above £400 per tonne, as the tight supply of old crop continues and expectations for 20/21 harvest remain similarly pessimistic; again, prices have been supported by weakening Sterling and climbing crude oil prices.

Average spot prices in late April (per tonne ex-farm): feed wheat £198 (+3); milling wheat £212 (+3); feed barley £169 (+13); oilseed rape £433 (-5); feed peas £201 (-11); feed beans £207 (-11).

- 2 The average potato price for 2020 crop improved again this month, as the next phase of the planned 'unlock' played out as hoped, allowing the outdoor areas of pubs and restaurants to open. Trade across all sectors is slow. Planting of the 2021 crop started in earnest this month, hampered by cold soil temperatures and snow in parts but broadly facilitated by dry weather. By late April the average potato price had risen from its opening position of £178/tonne, having peaked mid-month at £189, to close at £185/tonne (up £7 but £21 below the April 2020 closing average). The free-buy average opened at £147/tonne and, due to the knee-jerk reaction volatility, dropped to £140/tonne and briefly peaked at £173/tonne before relaxing- to a closing average of £153/tonne (up £6 overall but £65 below the average a year earlier).

2020 crop prices for grade I packing, in late April (per tonne ex-farm): Maris Piper had improved to between £280 and £350; Reds had risen to between £195 and £220; whilst white varieties had gained materially at the top end (for premium quality) to a wide spread of between £50 and £260; salad varieties were reduced in price-spread to between £220 and £350.

C Livestock

- 1 Cattle price movements were once again positive this month. The average finished steer price, from an opening position of 213p/kg lw, rose to a peak of 226p/kg but relaxed in the latter stages to close at 223p/kg (up 10p, to sit 40p above the closing average a year earlier). The average finished heifer price also rose to a mid-month peak, opening at 223p/kg lw and reaching 232p/kg, but closed at 229p/kg (up 6p, to sit 36p above the price a year earlier). The average dairy cow price retained its volatility but still held relatively high: opening at £1,237, it rose to £1,360, fell back to £1,210 mid-month, then peaked at £1,396 before closing the month marginally down at £1,342 (up £105 to sit £387 above the closing average a year earlier).
- 2 The average finished lamb price (SQQ live weight) improved significantly in the first half of the month but lost over half the uplift as the month progressed. The average, from an opening position of 278p/kg lw, peaked at 313p/kg before dropping back to a closing average of 291p/kg lw (up 13p, to sit 79p/kg above the average a year earlier).
- 3 The average UK all pig price (APP) built further on its positive trend this month: opening at 143.7p/kg dw, the average made two significant improvements, first to 145.6p/kg mid-month and then to 147.9p/kg where it closed the month (up 4.2p to sit 18.5p/kg below the closing average a year earlier).
- 4 The UK average 'all milk' price for February, reported this month, recorded a small gain of 0.16 ppl to reach an average of 29.91ppl (1.18ppl above the average in February 2020 and 1.85ppl above the rolling 5-year average of 28.06ppl). Early reports of March prices suggest a fall in the region of 0.20ppl. The EU28 (ex UK) average for February, published this month, was 1.52ppl higher at 31.43ppl

VI Other crop news

- 1 AHDB has forecast that wheat production in Great Britain this year could reach 14.57 million tonnes, 6.6 per cent up on the five-year average.
- 2 The EU has agreed equivalence for UK certified seed of cereal, fodder, beet, vegetable, oil and fibre plants.
- 3 Scientists at the University of Sheffield have found that grasses can incorporate DNA from other species into their genomes by lateral gene transfer enabling them to grow faster, bigger or stronger and adapt to new environments more quickly.

- 4 Potato stocks at the end of March stood at £1.2m tonnes, the same as last year but 80,700 tonnes up on the 5-year average.
- 5 Branston has started work on a new facility at its site in Lincolnshire to extract high grade plant protein from potatoes. Low-grade potatoes will be converted into protein which can be used in vegetarian and vegan foods.
- 6 The Dutch Potato Organisation has expressed concern that the absence of agreement between the EU and the UK could halt its export of 20,000 tonnes of seed potatoes each year to the UK.
- 7 The Agricultural Price Index for February rose by 4.7 per cent for wheat, compared to January, 4.5 per cent for barley, 1.4 per cent for oats, 4.8 per cent for oilseed rape, 11 per cent for forage plants and 2.9 per cent for fresh vegetables but there were falls of 1.2 per cent for potatoes and 2 per cent for fresh fruit. Compared to a year earlier, there were increases of 43.2 per cent for wheat, 25.1 per cent for barley, 16 per cent for forage plants and 10.5 per cent for fresh vegetables but falls of 12.8 per cent for potatoes and 1.7 per cent for fresh fruit.
- 8 The Soil Association is supporting a campaign to encourage Scottish growers to produce traditional apple varieties on a commercial scale.
- 9 Defra has suggested that *Trissolcus japonicus*, the samurai wasp, could be used to control the brown marmorated stink bug.
- 10 Berry Gardens is to use a new printed lidding film developed by Coveris which contains more than 30 per cent post-consumer recycle.
- 11 Biobest has developed the Phytoseiulus System whereby the biological agent *Phytoseiulus persimilis* can control all stages of the two-spotted spider mite in glasshouse tomato crops.
- 12 Following six outbreaks since 2019, AHDB has warned growers to be vigilant in the avoidance of Tomato Brown Rugose Fruit Virus.

VII Other livestock news

- 1 The US Department for Agriculture has forecast a 2.5 per cent increase in global beef production in 2021 to 61.5 million tonnes while global beef exports are forecast to rise by 2 per cent to 11.1 million tonnes. Global pork production is forecast to rise by 5 per cent to 101.5 million tonnes with growth of 11 per cent in China but exports are forecast to fall by 1 per cent to 11.5 million tonnes.
- 2 During 2020, EU beef production fell by 1.2 per cent and a fall of 0.9 per cent is forecast for 2021. Beef consumption in 2020 fell by 2.5 per cent per head and is forecast to fall by 1 per cent per head in 2021. Beef exports in 2020 rose by 1.8 per cent and growth of 1 per cent is forecast for 2021.
- 3 During February, UK prime cattle slaughterings fell by 1.4 per cent, compared to a year earlier, to 160,000; beef and veal production fell by 1.6 per cent to 73,000 tonnes; sheep slaughterings fell by 7.9 per cent to 766,000; mutton and lamb production fell by 9.3 per cent to 18,000 tonnes; pig slaughterings rose by 5.2 per cent to 905,000; and pigmeat production rose by 9.5 per cent to 85,000 tonnes.
- 4 The Agricultural Price Index for February rose by 1.7 per cent, compared to January, for cattle and calves, 26 per cent for sheep and lambs and 0.7 per cent for milk but there were falls of 2.9 per cent for pigs and 0.9 per cent for poultry. Compared to a year earlier there were increases of 12.5 per cent for cattle and calves, 18 per cent for sheep and lambs, 1.2 per cent for poultry, 5 per cent for milk and 5.1 per cent for eggs but a fall of 20.1 per cent for pigs.

- 5 Deep Branch has developed Proton, a protein feed using a gas fermentation system which converts carbon dioxide and molecular hydrogen into protein using bacteria. It has been shown to have an equivalent nutritional value to fishmeal.
- 6 A survey conducted by the Royal Association of British Dairy Farmers has revealed that 80 per cent of dairy farmers are worried about staff shortages with 63 per cent having struggled to recruit in the past five years. 28 per cent had lost staff due to unsociable working hours and 42 per cent had to rely on foreign labour.
- 7 The EU is forecasting an increase in milk production of 1 per cent in 2021 driven by a yield increase of 2 per cent countered by a herd reduction of 1 per cent. Butter consumption is forecast to rise by 1 per cent and exports by 4 per cent. Similar increases are forecast for cheese while whey production is forecast to increase by 2 per cent and exports by 5 per cent. Skimmed milk powder is expected to increase by 3.5 per cent, with exports up 6 per cent, but whole milk powder production will remain stable.
- 8 The number of dairy producers in Great Britain fell by 4.1 per cent in 2020/21 to 8,040 but the average volume per farm rose to 1.56 million litres per year.
- 9 During February, UK dairies processed 1,073 million litres of milk, down 0.2 per cent on the annual rolling average to January. Compared to January, liquid milk production fell by 11.5 per cent to 469 million litres; cheese production fell by 7.5 per cent to 37,300 tonnes; butter production fell by 10.8 per cent to 15,600 tonnes; and milk powder production fell by 10 per cent to 4,800 tonnes.
- 10 Muller is to increase its price by 1ppl meaning that members of the Muller Advantage programme will receive 28.25ppl.
- 11 During March, average butterfat fell by 0.5 per cent, compared to February, to 4.26 per cent but was 4 per cent up on March 2020. Average protein fell by 0.6 per cent, compared to February, and by 0.8 per cent compared to March 2020.
- 12 First Milk has increased its price by 0.5ppl to 29.43ppl.
- 13 Scientists at the University of Nottingham have enhanced the mineral profile of yellow mealworms by feeding wheat bran with the addition of the enzyme phytase. The phosphorus content decreased but the content of zinc, sodium and manganese increased.
- 14 Scientists at Harper Adams University have suggested that adding prebiotics, namely mannan-oligosaccharide, to the diet of pregnant ewes will improve the quality of colostrum
- 15 A project led by the Moredun Research Institute and the University of Bristol has secured funding from the Rural Development Programme for England to advise farmers on sheep scab control.
- 16 The number of pig abattoirs in England has fallen to 93, down 10 on 2019 and down 22 on 2018.
- 17 In the period 1-15 April, there has been one outbreak of highly pathogenic avian influenza HPAI H5N8 in captive birds and one outbreak in wild birds in England. In Europe there have been outbreaks in Germany, Poland and Czech Republic.
- 18 During the 3 months to March, 7.9 million cases of eggs were packed in UK egg packing stations, down 1.4 per cent on the previous quarter but up 1.1 per cent on a year earlier. The farm-gate egg price was 87.2 pence per dozen, up 0.8 per cent on the previous quarter and up 15 per cent on a year earlier. The production of egg products totalled 18,100 tonnes, down 1.9 per cent on the previous quarter and down 18 per cent on a year earlier.

- 19 During March, UK commercial layer chick placings rose by 10 per cent, compared to a year earlier, to 3.1 million chicks; broiler chick placings rose by 4.1 per cent to 97 million chicks; turkey chick placings rose by 14 per cent to 1 million chicks; turkey slaughterings fell by 44 per cent to 500,000 birds; broiler slaughterings rose by 1.4 per cent to 89.4 million birds; and total poultry meat production fell by 7.6 per cent to 144,100 tonnes.

VIII Inputs/Supply businesses

- 1 The Persistent Organic Pollutants Review Committee of the Stockholm Convention has requested information on the Draft Risk Profiles review for UK-328 and Dieldrin Plus and the draft Risk Management Evaluation for Methoxychlor. All three substances have been proposed for listing as persistent organic pollutants.
- 2 Scientists at China's Southwest University have found that a strain of *Ceiporia lacerata*, a fungus associated with causing wood to rot, produces enzymes to obtain nutrients from the immediate environment thereby reducing the need for fertilizer in tomatoes. It also had the effect of increasing the sugar-to-acid ratio as well as the soluble sugar and Vitamin C content thereby enhancing value and flavour.
- 3 RAGT and Bayer have signed a collaboration agreement to develop hybrid wheat varieties.
- 4 The Agricultural Price Index for February shows increases of 3.3 per cent, compared to January, for energy and lubricants, 12.6 per cent for fertilizers, 0.1 per cent for vehicle maintenance and 2 per cent for building maintenance while there were falls of 0.1 per cent for chemicals, veterinary services and animal feedingstuffs. Compared to a year earlier, there were increases of 5 per cent for seeds, 14.8 per cent fertilizers, 0.6 per cent for veterinary services, 14.5 per cent for animal feedingstuffs, 3.6 per cent for vehicle maintenance and 7.8 per cent for building maintenance while there were falls of 4.6 per cent for energy and lubricants and 2.5 per cent for chemicals.
- 5 AHDB has published performance data on fungicide Univoq, produced by Corteva Agriscience. It contains fenpicoxamid mixed with prothioconazole. On *Septoria tritici* Univoq had a performance similar to that of the leading product Revystar XE while on yellow rust and brown rust performance was more active than prothioconazole alone.

IX Marketing

- 1 Dairy exports from the UK to the EU have fallen heavily. In February 2020, 76,500 tonnes of milk and 901 tonnes of cream were exported, a year later this had fallen to 131 tonnes and 436 tonnes respectively while butter and yoghurt exports were 7 per cent of those a year earlier.
- 2 UK exports of beef in February fell by 59 per cent to 4,200 tonnes, compared to a year earlier, but were up 81 per cent on January. Added to a 21 per cent fall in prices, the value of shipments was down 68 per cent at £10.3 millions. Imports fell by 40 per cent, compared to a year ago, to 11,600 tonnes and by 7 per cent compared to January. Prices rose by 11 per cent meaning the value of imports fell by 33 per cent.
- 3 According to AHDB PorkWatch, 79 per cent of pork on display in supermarkets in March was British, down 2 per cent on January. Asda fell from 55 per cent to 47 per cent while Tesco fell from 58 per cent to 52 per cent. Aldi, Budgens, Co-op, Lidl, Marks & Spencer, Sainsbury's and Waitrose all stocked 100 per cent British pork.
- 4 Applications have been made for protected designation of origin status for Gower Salt Marsh lamb and New Forest Pannage ham; for protected geographical indication status for Cambrians Mountain lamb and Dundee cake; and for traditional speciality guaranteed status for Wiltshire Cured ham, bacon and gammon.

- 5 Exports of sheep meats fell by 28 per cent in February to 4,500 tonnes, the lowest for 5 years, while imports fell by 8 per cent to 2,900 tonnes.
- 6 Sussex white wine has applied for protected designation of origin status.
- 7 UK pig meat exports rose by 3 per cent in February, compared to a year earlier, to 28,000 tonnes. Imports fell by 24 per cent to 51,900 tonnes and, as average prices fell by 9 per cent, the value of imports was down by 30 per cent at 138.9 millions.
- 8 Figures from Kantar show that, in the year to 21 March, 8 billion eggs were sold, an increase of over 1 billion from pre-pandemic levels.
- 9 EU sheep meat exports increased by 3 per cent in 2020, those to the UK fell by 7 per cent, while imports fell by 7.2 per cent. A further fall of 3 per cent is forecast in 2021.

X Miscellaneous

- 1 The Animal Welfare (Sentencing) Bill has received Royal Assent.
- 2 The National Fruit Show is to take place at Detling, near Maidstone on 21 and 22 October.
- 3 Tim Rycroft has been appointed as Chief Executive of the Agriculture and Horticulture Development Board.

Postscripts

An actual sign at a golf club in Scotland

1. Back straight, knees bent, feet a shoulder width apart.
2. Form a loose grip.
3. Keep your head down!
4. Avoid a quick back swing.
5. Stay out of the water.
6. Try not to hit anyone.
7. If you are taking too long, let others go ahead of you.
8. Don't stand directly in front of others.
9. Quiet please ... while others are preparing.
10. Don't take extra strokes.

Well done ... now, flush the urinal, wash your hands, go outside, and tee off.

Monthly Farming Update

A cryptic clue!

For many, crypto-assets are a confusing concept but for an increasing number they are a means of making, and losing, significant sums of money. There is little doubt that they are here to stay so the sooner they are understood the better.

Crypto-assets started out in 2008 as a vision of commerce transacted between parties with cryptographic proof of transactions rather than via a body such as a bank. A distributed ledger of transactions is held on a series of computers and is updated simultaneously on all copies of that ledger, this is known as a blockchain. A person holding a crypto-asset has a public key, which is a string of electronic data visible in the ledger, and a private key, a string of data which is confidential to the holder. To record a transaction, the holder combines the public and private keys and the purchaser directs part or all of the crypto-asset to the vendor. The vendor then receives a randomly generated public and private key and the transaction is recorded in the blockchain. The purchaser will receive a new private key and their public key will be modified.

In English law, a crypto-asset is treated as property but that is not the case everywhere, in Italy it is treated as a foreign currency.

Crypto-assets are easily hidden and it is very difficult to make an enforcement order against something which is hard to trace. However, this has resulted in a number of tracing firms being established. HM Revenue & Customs is investing heavily in tracing software and has already requested disclosure of account holder information from crypto-asset exchange platforms.

The UK taxation treatment is straightforward in that a crypto-asset held for capital inflation is subject to Capital Gains Tax. But beware, being a victim of fraud or theft is not a disposal and the holder cannot claim a tax loss.

Simple really, isn't it!!

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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