



CHAVEREYS

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# MONTHLY FARMING UPDATE

# October 2019



**I Policy issues**

- I Defra has proposed to amalgamate National Parks and Areas of Outstanding Natural Beauty into one body, the National Landscape Service while AONB's are renamed National Landscapes. The boards of National Parks will be reformed as they are considered too big and unrepresentative of communities. AONB's will have increased funding, governance reform and a greater voice on development. Defra intends to encourage a wider range of non-designated systems of landscape protection which should be members of the national landscapes family to include new areas of forest such as the National Forest in the East Midlands.

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

- I Following a review by Lord Bew, the Government is to allocate £56.59 millions of new funding for farmers until 2022. The majority of the additional funding, £51.4 millions, will go to Scotland.

**III Grants/regulations/legislation/environment**

- I Defra has launched a public survey as part of a planned review of general licences to manage wild birds in England. The aim is to strike the correct balance between the protection of wild birds and activities which are needed to protect livestock and crops and for conservation purposes.
- 2 Natural England's Monitor of Engagement with the Natural Environment report has revealed that 90 per cent of adults in England are concerned about increasing threats to the natural environment; two-thirds are worried about biodiversity loss; children from the most deprived areas are 20 per cent less likely to spend time outside than those in affluent areas; and 70 per cent of children from white backgrounds spend time outside once a week compared to 56 per cent of children from black, Asian and ethnic minority backgrounds.
- 3 Defra has announced funding of £62 millions for 13 projects for flood defences in Yorkshire, Cumbria, the North East and the South East.
- 4 The Farming Recovery Fund has opened for applications. Farmers in parts of North Yorkshire and Lincolnshire who have suffered uninsurable damage to their property can apply for grants of between £500 and £25,000 out of a total fund of £2 millions to cover remedial action.
- 5 Last month sightings of Asian hornets were reported near Ashford, Kent and Tamworth, Staffordshire.
- 6 The International Union for the Conservation of Nature has reported that, of 400 native European tree species assessed for their risk of extinction, half may well disappear from the natural landscape. This includes the horse chestnut, rowan and mountain ash.

**IV Other matters of farm finance and tenure**

- I The first estimates for 2018 of Total Income from Farming in the English regions have been published. The total of £3,358 millions was down 18 per cent on 2017. The East of England was the highest contributor at 21 per cent followed by the East Midlands 20 per cent, the South West 18 per cent, the South East and London 13 per cent, the West Midlands 12 per cent, Yorkshire and Humber 10 per cent, the North West 4 per cent and the North East 2 per cent. The East Midlands had the highest contribution on a hectarage basis at £551 per hectare with the North East the lowest at £116 per hectare.

- 2 The Scottish Government has launched the Scottish Land Management Service aimed at encouraging landowners to provide farming opportunities to new entrants.
- 3 The Agricultural Price Index for July shows outputs down 0.8 per cent compared to June but up 0.4 per cent compared to a year earlier. Inputs fell 0.4 per cent compared to June but rose 2.5 per cent compared to a year earlier.

## V Product prices

### A Market background

- I A month further on and the UK's Brexit and political positions remain a mystery; as such volatility remains. Despite this, Sterling managed to claw back some of its recent losses and closed up against both Dollar and Euro. Against the Euro, Sterling opened at 90.3p per €, fell to 91.4p early on, peaked near the end of the month at 87.9p but closed in late September at 89.0p per € (1.3p stronger). The pattern of movement against the US Dollar was similar but the Dollar found strength at the end of the month; opening at 82.2p per \$, the Pound fell to 83.6p, improved to a peak of 79.6p but fell again to close September at 81.4p per \$ (0.8p stronger). Brent Crude oil prices were subject to a high level of volatility this month and closed down overall. Opening at \$59.25, the average price fell in the first few days to a low of £58.26 before jumping to a mid-month peak of \$69.02, before dropping back to a September close of \$61.91 per barrel; a net improvement of \$2.66 (4 per cent).

### B Crops

- I The average wheat price improved this month, reversing a small portion of the previous months' losses. Concerns that the US spring wheat harvest is behind expectation added bullish undertones to the market, whilst near-ideal maize growing conditions in the US are leaving buyers second guessing their decisions - a number of large investment funds have further shortened their positions. Sterling's recent strength and the underlying Brexit unknowns further suppressed prices. With much of the stored crop recorded as being of milling quality, premiums have fallen back (to £15). LIFFE feed wheat futures weakened early on in the month, but gained strength thereafter. In late September, deliveries for November 2019, 2020 and 2021 stood at £136/tonne (+4), £145/tonne (+3) and £149/tonne (+2) respectively. Oilseed prices saw a short term jump following the drone strike at the Saudi Arabian oil processing facility but the market soon settled down. The overall short supply of rape seed in the EU remains the driving factor in the domestic market.

Average spot prices in late September (per tonne ex-farm): feed wheat £127 (+6); milling wheat £142 (+4); feed barley £112 (+2); oilseed rape £328 (-1); feed peas £171 (6); feed beans £177 (-5).

- 2 The average potato price (2019 crop) continued to fall back in September, as did the free-buy price. Movement of 2019 crop remained largely under contract with small amounts of free-buy movement to top up tonnages and seek out samples with high baker content; maincrop harvest was hampered by rain in some areas, whilst others continue to irrigate to aid harvest. By late September the average potato price had dropped a further £20 below its opening position of £170 per tonne, to close at £150 per tonne (£27 below the September 2018 closing average). The free-buy average, opening at £143 per tonne, dropped to £131, bounced back up to £153 but dropped back to close the month at £123 per tonne (£20 down and £141 below the September 2018 close).

2019 crop prices for grade I packing in late September (per tonne ex-farm): Salad varieties, mainly Maris Peer, Gemson and Charlotte, were marginally weaker at between £260 and £360; Maris Piper were trading lower at between £80 and £185; white varieties were also lower at between £120 and £185. Key demand was for red skin varieties with prices at between £140 and £250.

## C Livestock

- 1 Cattle prices fell back overall but only by a relatively small margin. The average finished steer price first gained a penny over its opening position of 175p/kg lw to peak at 176p, before falling back to a closing position of 171p/kg lw (down 4p and 18p/kg below the closing average a year earlier). The average finished heifer price moved with more amplitude: from an opening position of 196p/kg lw, the price dropped to 186p, recovered to 190p before dropping back to a close of 189p/kg lw (7p down and 13p below the price a year earlier). The average dairy cow price remained volatile; starting from an opening position of £1,160 per head, the average peaked at £1,364 early on, then dropped back to an closing position of £1,037 per head (£123 down and £117 below the average a year earlier).
- 2 Lamb prices fell early on in the month and then held largely steady for the remainder as the market saw high numbers slaughtered and a healthy supply of animals coming to market. The average new season finished lamb price (SQQ live weight) fell from its opening position of 174p/kg lw, to 163p/kg where, after minimal movement, it also closed the month (11p down and 8p/kg below the average a year earlier).
- 3 The average UK all pig price (APP) held largely steady this month, with small movements only. Opening at 155.6p/kg dw, the average weakened marginally to 155.3p/kg before improving again close at 155.5p/kg (down 0.1p to sit 3.8p/kg above the closing average a year earlier).
- 4 The UK average 'all milk' price for July, published in September, reported an increase of 0.51p to an average of 28.50ppl (0.05ppl below the average in July 2018 and 1.32ppl above the rolling 5 year average of 27.18ppl). In the rankings against the 'EU28' farmgate milk price for July, the UK gained a place to 20<sup>th</sup> against a stronger EU28 weighted average of 31.04ppl (up 0.67ppl in the month).

## VI Other crop news

- 1 Detailed estimates of crop areas as at 1 June have been published. The utilised agricultural area in England was unchanged at 9.06 million hectares with the total croppable area increasing by 0.8 per cent to 54 per cent of the total or 4.9 million hectares. Permanent grassland was unchanged at 41 per cent of the total or 3.7 million hectares. The arable area increased by 1 per cent to 3.9 million hectares. Cereals and oilseeds, which account for 82 per cent of the arable area, increased by 3.7 per cent to 2.7 million hectares; spring barley fell by 5.8 per cent to 444,000 hectares; wheat rose by 3.6 per cent to 1.7 million hectares; winter barley increased by 15.6 per cent to 488,000 hectares; and oilseed rape fell by 10.8 per cent to 509,000 hectares. The area of horticultural crops fell by 0.9 per cent to 137,000 hectares.
- 2 The AHDB is forecasting this year's barley harvest at 7.3 million tonnes, the highest level since 2015/16. The Initial Cereal Quality survey is indicating nitrogen levels of 1.65 per cent, lower than last year's 1.73 per cent. The tonnage of malting varieties is estimated to be 4 million tonnes although the Maltsters Association of Great Britain has indicated its members will be looking to purchase 1.9 million tonnes. The EU crop is also thought to be large, in excess of 60 million tonnes for the first time since 2015/16.

- 3 With wheat stocks at 1.911 million tonnes, the highest since 2015/16 and production forecast to be 16 million tonnes, total stocks of 18 million tonnes are expected by AHDB to be well above 2017/18 consumption of 14.7 million tonnes.
- 4 Next year RAGT Seeds is to launch RGT Wolverine, a winter wheat variety with a high level of resistance to barley yellow dwarf virus following the incorporation of a gene originating from goat grass which provides the resistance.
- 5 The British Society of Plant Breeders has added Smoothi CS and Abrisse from Caussade Semences, Prospect from Limagrain, LiRoyal from DSV and KWS Calvini to its Favourable Sites Descriptive List for forage maize. KWS Calvini, Prospect, Li Royal, RGT Stewaxx from RGT Seeds and DSP46132 and Cardiff from Germinal have been added to the Less Favourable Descriptive List.
- 6 The Agricultural Price Index for July for crop products shows a fall of 2.2 per cent compared to June but rose 3.6 per cent compared to a year earlier; cereals fell by 5 per cent and 7.2 per cent respectively; wheat fell by 5.7 per cent and 7.5 per cent respectively; barley fell by 1.5 per cent and 8.6 per cent respectively; oats rose by 1.1 per cent and 30.1 per cent respectively; potatoes rose by 33.9 per cent compared to a year earlier; oilseed rape rose by 0.4 per cent and 7.3 per cent respectively; fresh vegetables rose by 7.8 per cent and 12.2 per cent respectively; fresh fruit fell by 19.5 per cent and 3.4 per cent respectively; and forage plants fell by 30 per cent compared to a year earlier.
- 7 The 43<sup>rd</sup> Prognos Fruit Conference, held in Belgium, has forecast a 20 per cent fall in this year's apple crop to 10.556 million tonnes with the European pear harvest down 14 per cent at 2.047 million tonnes. The UK apple crop is forecast to be 210,000 tonnes, down 4 per cent, making the UK the 12<sup>th</sup> largest producer of 21 with Poland by far the largest at 2.71 million tonnes. Golden Delicious is the largest variety in production at 2.327 million tonnes followed by Gala and Red Delicious. UK pear production is forecast to be 20,000 tonnes, down 13 per cent, making the UK the 11<sup>th</sup> largest producer out of 19 with Italy the largest at 511,000 tonnes. Conference is by far the largest variety at 45 per cent of the total. In the UK the largest apple variety is Gala at 35 per cent, up 9 per cent on last year, followed by Bramley at 26 per cent (down 24 per cent), Braeburn at 16 per cent (up 11 per cent) and Cox at 6 per cent (down 32 per cent).
- 8 The survey results for the period April to June for seasonal labour in horticulture have been published. Of the survey respondents, 35 per cent needed seasonal labour and the average shortfall was 5.4 per cent for those who were short of labour. The average shortfall ranged from 14 person days in April to 30 person days in June.
- 9 AC Goatham is set to harvest the first commercially grown quantities of Flanders Pink, a new pink apple variety.
- 10 Hall Hunter Partnership has sold all of its Chichester growing hub to ADM Capital's Cibus Fund which has major investments in worldwide agricultural projects.
- 11 The Journal of Gerontology has published research findings which suggest that blueberries have anti-inflammatory mechanisms which can help promote healthy ageing, that blueberry anthocyanins can improve arterial blood flow and that the polyphenol profile of blueberries can help memory retention in older populations.
- 12 Dutch firm The Greenery has launched a new raspberry variety, Nobility, in partnership with US soft-fruit breeder Plant Sciences.

## VII Other livestock news

- 1 Detailed estimates of livestock numbers in England as at 1 June have been published. The total number of cattle and calves fell by 1.7 per cent to 5.3 millions with the breeding herd falling by 1.4 per cent to 1.8 millions. The number of pigs grew by 0.5 per cent to 4.1 millions with the number of fattening pigs increasing by 0.5 per cent to 3.7 millions. The number of sheep and lambs fell by 1.7 per cent to 15.4 millions with the female breeding flock falling by 2 per cent to 7.2 millions and the number of lambs falling by 1.5 per cent to 7.8 millions.
- 2 Results from the Cattle Farm Practices Survey 2019 have been published. These show that 87 per cent of farms with cattle use a mix of housed and grazing systems; 34 per cent rented land for grazing but this increased to 51 per cent for specialist dairy farms and to 40 per cent for those with breakdown experience; 68 per cent do not spread slurry while only 5 per cent of specialist dairy farms do not spread slurry, 45 per cent do not store it for 6 months before spreading; of those farms with cattle, 61 per cent will have bought in during the past year from other farms while 58 per cent will have bought at auction; 28 per cent use ibTB to check for TB breakdowns; 51 per cent isolate new cattle before introducing them to the herd while 17 per cent never isolate; and 61 per cent of farms thought keeping grazing land free from slurry would reduce the likelihood of a TB breakdown but 30 per cent thought it was least likely to do so.
- 3 The UK levy boards have launched a consultation process on a proposal to form a Ruminant Health and Welfare Group with a view to accelerating research into endemic disease in ruminants.
- 4 Defra has revoked the bovine TB culling licences in Derbyshire.
- 5 In the 3 months to June, the number of new herd bovine TB incidents in England fell by 3 per cent with a fall of 7 per cent in the High risk area but increases of 13 per cent in the Edge area and 12 per cent in the Low risk area. There were falls of 31 per cent and 2 per cent respectively in Scotland and Wales. The number of herds not officially TB free fell by 5 per cent in England with a fall of 10 per cent in the High risk area but increases of 12 per cent in the Edge area and 41 per cent in the Low risk area. There was a fall of 16 per cent in Scotland but a rise of 6 per cent in Wales.
- 6 Defra has reported that it will not support demands to introduce labelling on meat from non-stun slaughter.
- 7 The Agricultural Price Index for July for animals and animal products shows a fall of 0.6 per cent compared to a year earlier; cattle and calves fell by 4.6 per cent compared to a year earlier; pigs rose by 2 per cent and 3.3 per cent respectively; sheep and lambs fell by 10.3 per cent and 5.2 per cent respectively; poultry fell by 0.1 per cent and 3.7 per cent respectively; milk rose by 2.1 per cent compared to June but fell 0.2 per cent compared to a year earlier; and eggs rose by 0.3 per cent compared to a year earlier.
- 8 In August, UK prime cattle slaughterings were down 0.1 per cent on a year earlier at 160,000; beef and veal production was up 2.7 per cent at 75,000 tonnes; sheep slaughterings were down 1 per cent at 1.25 millions; mutton and lamb production was up 1.1 per cent at 29,000 tonnes; pig slaughterings were down 0.7 per cent at 938,000; and pigmeat production was up 0.2 per cent at 82,000 tonnes.
- 9 The Scottish Government has appointed Professor Cathy Dwyer as the chair of the new Animal Welfare Commission.

- 10 In August milk production was 1,207 million litres, down 4.6 per cent on July but up 0.9 per cent on a year earlier. Average butterfat content rose by 2.1 per cent to 4.03 per cent and was 1.3 per cent higher than a year earlier. Average protein content rose by 0.6 per cent to 3.31 per cent.
- 11 Muller has reduced its Direct Premium contract price to 25.75ppl.
- 12 In July, UK dairies processed 1,187 litres of milk, a 0.2 per cent increase in the 12 months rolling average. The rolling average for liquid milk production fell by 0.1 per cent but production compared to June was up 0.6 per cent; cheese production was up 0.5 per cent but down 4 per cent compared to June; butter production was up 0.7 per cent but down 15 per cent compared to June; and milk powder production was up 0.3 per cent but down 19 per cent compared to June.
- 13 Canada is to pay its 11,000 dairy farmers compensation of £1.09 billions over eight years following the trade agreements with the EU, transpacific countries and the US and Mexico.
- 14 Defra has published a consultation on ageing sheep at slaughter with proposals to allow abattoirs to use a different method to decide the ages of sheep. The consultation closes on 31 October.
- 15 In the past month there have been further outbreaks of African Swine Fever in China, Hong Kong, Laos, Myanmar and Vietnam. The first outbreaks have been reported in the Philippines resulting in 7,000 pigs being culled. One further outbreak has been reported in China taking the total to 152; one new outbreak has occurred in Vietnam taking the total to 2,700 with over 3 million pigs being culled; 84 outbreaks have occurred in the last month in Laos taking the total to 94; and two new outbreaks have been reported in Myanmar.
- 16 Brazilian meat giant JBS is to acquire the UK's largest pig producer Tulip from Danish Crown via its subsidiary Pilgrim's Pride Corporation.
- 17 In August, UK commercial layer chick placings rose by 2.5 per cent, compared to a year earlier, to 3 million chicks; broiler chick placings fell 1.7 per cent to 86.6 million chicks; turkey chick placings rose by 7 per cent to 2.5 million chicks; turkey slaughterings fell by 9.9 per cent to 800,000 birds; broiler slaughterings fell by 2.3 per cent to 79.1 million birds; and poultry meat production fell by 1.7 per cent to 137,000 tonnes.

## **VIII Inputs/Supply businesses**

- 1 Rothamsted Research has reported a significant increase in the resistance of cabbage stem flea beetles to pyrethroid insecticides.
- 2 The German Government has announced a ban on the use of glyphosate from the end of 2023.
- 3 The Agricultural Price Index for July shows that energy and lubricants fell by 1.5 per cent compared to June but rose 3.1 per cent compared to a year earlier; seeds fell by 0.3 per cent compared to a year earlier; fertilizers fell by 0.4 per cent compared to June but rose 3.5 per cent compared to a year earlier; chemicals rose by 15.1 per cent compared to a year earlier; veterinary services rose by 0.1 per cent and 0.5 per cent respectively; straight feeding stuffs fell by 2.9 per cent compared to June but rose 3 per cent compared to a year earlier; compound feeding stuffs rose by 1.2 per cent compared to a year earlier; vehicle maintenance rose by 1.9 per cent compared to a year earlier; and building maintenance fell by 0.6 per cent but rose 2.4 per cent compared to a year earlier.

## **IX Marketing**

- 1 A delegation from the General Administrations of Customs of the People's Republic of China has concluded a ten-day visit to the UK on a fact-finding mission with a view to opening exports of lamb.
- 2 In 2017/18 the average household spent £45.31 per person per week on all food and drink including alcohol, 0.3 per cent up on the previous year after allowing for inflation. The amount of household income spent on food and non-alcoholic drinks was 10.6 per cent, up slightly on the previous year. For those households with the lowest 20 per cent of income, the percentage spent on food and non-alcoholic drinks increased to 15.2 per cent.
- 3 The Scottish Government is to introduce a Bill on Restricting Foods Promotion to restrict the promotion and marketing of 'junk' food.
- 4 Ayrshire New Potatoes/Ayrshire Earlies have been granted Protected Geographical Status.

## **X Miscellaneous**

- 1 According to NFU Mutual, farm fire claims have risen to a four-year high of £46.4 millions with claims in the East of England rising by 350 per cent to £11.1 millions.
- 2 The average life expectancy in 2015-17 of people living in rural areas was two years longer than those living in urban areas. Average life expectancy was 79.5 years for men and 83.1 years for women. Similar figures for Scotland in 2016-18 are 77 years for men and 81.1 years for women.
- 3 In 2017 the mid-year population estimate for England was 55.6 millions. Of the total, 9.5 millions, or 17 per cent, lived in rural areas, up from 9.1 millions in 2011 but down from 17.2 per cent overall.
- 4 The Oxford Farming Conference has appointed three new directors to its board, sheep farmer Liz Bowles, head of rural research at Savills Emily Norton and soft fruit grower Marion Regan.

## Postscripts

### Some more from a catholic elementary school test

1. David was a Hebrew king who was skilled at playing the liar. He fought the finkelsteins, a race of people who lived in Biblical times.
2. Solomon, one of Davids sons, had 300 wives and 700 porcupines.
3. When Mary heard she was the mother of Jesus, she sang the Magna Carta.
4. When the three wise guys from the east side arrived they found Jesus in the manager.
5. Jesus was born because Mary had an immaculate contraption.
6. St. John the Blacksmith dumped water on his head.
7. Jesus enunciated the golden rule, which says to do unto others before they do one to you. He also explained a man doth not live by sweat alone.
8. It was a miricle when Jesus rose from the dead and managed to get the tombstone off the entrance.
9. The people who followed the Lord were called the 12 decibels.
10. The epistles were the wives of the apostles.
11. One of the opossums was St. Matthew who was also a taximan.
12. St. Paul cavorted to Christianity, he preached holy acrimony, which is another name for marriage.
13. Christians have only one spouse. This is called monotony.

# Monthly Farming Update

## You can give when you can't!

Lasting Powers of Attorney have been with us for some time but are still not in place for the majority. There is something to be said for an LPA being almost as important as a will; the probability of one being physically or mentally incapacitated before death continues to increase.

The forms are very easy to complete on-line.

However many are nervous that the power could be abused by the attorneys and are therefore reluctant to put one in place. Could the attorneys siphon off funds for their own benefit? The answer is no but it is possible for the attorneys to benefit themselves and others provided the power is specific.

The Mental Capacity Act 2005 sets out restrictions on what an LPA instrument can specify and the Office of the Public Guardian cannot register the document unless it is satisfied it is legal and effective.

The OPG has recently sought guidance from the England and Wales Court of Protection which resulted in the following:

- provisions that provide the attorneys to use the donor's funds to benefit others are not valid if and because they relate to provision for a person whom the donor has a legal obligation to maintain
- provisions to benefit others may be valid as a statement of the donor's wishes as long as they are so expressed but not if expressed in mandatory terms
- provisions that may benefit the attorneys are not invalidated by the attorney's fiduciary obligations
- provisions that may benefit the attorneys are valid on the grounds that any conflict has been authorised by the donor and the attorneys must act in accordance with the donor's best interests

So if you are a generous person and make gifts to family or charity, ensure your attorneys can continue this practice when you are unable to do so.

We welcome feedback on the MFU.

Does this issue raise any questions in your mind?

Would you like more information on a particular item?

Please ring one of our agricultural specialists:

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

