



CHAVEREYS

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MONTHLY FARMING UPDATE

July 2020



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I Policy issues

- 1 The Government has announced it is to set up a Trade and Agriculture Commission to explore ways to protect food production standards.
- 2 The UK Government has launched a consultation process seeking to end any unfair practices in the dairy sector. Evidence gathered by the Groceries Code Adjudicator in 2016 suggested unfairness in the supply chain has been caused by milk buyers having the power to set and modify the milk price in a contract leading to uncertainty. Consultation proposals include an option to introduce a mandatory pricing mechanism within all contracts between dairy farmers and processors. The consultation closes on 15 September.

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

- 1 Defra has invited farmers and interested parties to take part in one of six webinars on the future of the Environmental Land Management Scheme. The webinars will all take place in July and those who wish to attend can sign up via Eventbrite. Those who are unable to attend can put forward ideas via a policy discussion document on Citizen Space.

III Grants/regulations/legislation/environment

- 1 The Government has launched a consultation to inform a new England Tree Strategy. The strategy will set out policies to expand tree cover, support woodland management and increase public engagement with woodlands. Views are being sought on how to expand and improve public and private trees and woodlands; the increased role that trees can play in supporting the economy; how best to further connect people to nature; and the most effective way in which trees and woodlands can be created and managed to help combat climate change. The consultation will close on 11 September.
- 2 Defra has published a progress report to March on the 25 Year Environment Plan. There have been downward trends in the concentrations of fine particulate matter in the air and in roadside nitrogen dioxide concentrations; the area of woodland creation has increased; engagement by adults with the natural environment has increased; emissions of greenhouse gases from natural resources have fallen; and carbon footprint from goods and services produced in England has fallen. However, the number of additional tree pests and diseases becoming established has increased; the abatement of the number of invasive non-native species has not increased; and the abundance and distribution of priority species has not increased.
- 3 While the NFU has an objective for the agricultural industry to reach net zero carbon emissions by 2040, research undertaken by Lloyds Bank has revealed that only 3 per cent of farms are at net zero today while 90 per cent don't know their carbon footprint. 58 per cent of farmers have not heard of green finance; 74 per cent neither have nor plan to plant trees; 90 per cent neither have nor plan to restore peatlands; 72 per cent have or plan to rewild; 73 per cent have or plan to reduce water usage; 93 per cent plan to use greener fertilizing methods; 26 per cent have or plan to reduce pesticide use; and 61 per cent have introduced agri-tech to improve efficiency.
- 4 Following research that revealed that 95 per cent of dairy farms were failing to meet water protection standards, the Environment Agency is considering the issue of environmental permits to clamp down on pollution incidents and to raise funding for inspections.

- 5 The February Farm Practices Survey has revealed that 57 per cent of holdings have a nutrient management plan; 6.6 per cent of farmers process waste by anaerobic digestion; 66 per cent of farmers are taking action to reduce greenhouse gas emissions; 76 per cent spread manure or slurry; 68 per cent of livestock farmers store solid manure in temporary heaps; 75 per cent have a Farm Health Plan; 75 per cent of livestock holdings sow some or all of their temporary grassland with a clover mix; and 71 per cent of holdings with livestock use a ration formulation programme or nutritional advice.
- 6 Defra has announced that six general licences for the control of wild birds will be reissued on a temporary basis, covering the period 1 August to 31 December, ahead of new licences coming into force on 1 January 2021.

IV Other matters of farm finance and tenure

- 1 The first estimate for Total Income from Farming for England in 2019 has been published. Tiff rose by 15 per cent, or £534 millions, to £3,995 millions; agriculture contributed £8,106 millions to the English economy, an increase of 9 per cent, or £678 millions; gross output rose by 3 per cent, or £572 millions, to £20,260 millions including a 1 per cent rise in livestock output to £9,685 millions; and the cost of goods and services consumed in the production process fell by 0.9 per cent, or a £106 millions, to £12,154 millions. Tiff has also been published for the regions with the East generating £885 millions, the East Midlands £751 millions, the South West £644 millions, the South East £534 millions, the West Midlands £500 millions, Yorkshire and Humber £452 millions, the North West £142 millions and the North East £86 millions.
- 2 The latest Rural Economic Bulletin shows that average house prices in rural areas in England remained unchanged in the 3 months to September 2019 at £334,900 but the average price in urban areas rose by 0.3 per cent to £308,300; the percentage unemployed in rural areas in the 3 months to March 2020 fell by 0.4 per cent to 2.7 per cent but in urban areas it rose by 0.3 per cent to 4.2 per cent; and again in the 3 months to March 2020 there were 3.3 redundancies per 1,000 workers in rural areas, down from 4.8, while in urban areas there were 4 redundancies, up from 3.9.
- 3 The Agricultural Price Index for April has been published. Outputs rose by 2 per cent compared to a year earlier but fell 0.4 per cent compared to March. Inputs fell by 2.7 per cent compared to a year earlier and by 0.5 per cent compared to March.

V Product prices

Prices and the availability of remains hampered by the Coronavirus pandemic (“CV19”); every effort has been made to ensure the information below is accurate.

A Market background

- 1 Sterling exchange rates against the Dollar and the Euro retained a fair level of volatility this month. Sterling started with a modest gain against the Euro; to 88.7p from an opening position of 90.1p per €, before falling back over the remainder of the month to a low of 91.6p; a last minute recovery led to a close of 90.6p per € (0.5p weaker overall). The US Dollar saw Sterling open at 80.9p per \$, gain to a peak of 78.4p, fall back to 81.6p but, again, a late recovery led to a closing position of 80.8p per \$ (0.1p stronger). Crude oil prices continued to trudge slowly back upwards as elements of the CV19 lockdown began to unwind across the globe. Brent Crude oil prices made steady gains, improving from a starting position of \$35.29 per barrel to a peak of \$43.08 before closing at \$41.71 per barrel; an improvement of \$6.42.

B Crops

- 1 Cereal prices improved marginally in the first half of the month but fell thereafter, as various localised weather concerns continued but then relaxed as rain arrived in large parts of Europe and Russia. The commencement of the 2020 harvest in the Northern hemisphere has also led the market to focus more on new crop and reports coming from the likes of the International Grains Council identify increases in expected yield and put world grain stocks at an all-time high. The market also remains subject to non-agricultural pressures and the upturn in CV19 infection rates in the US has had a suppressing effect. LIFFE feed wheat futures reversed the gains secured last month, despite early positive movement. By late June prices had dropped, more sharply in the short term, with deliveries for November 2020 and 2021 down to £163/tonne (-9) and £150/tonne (-4) respectively. May 2022 deliveries opened this month at £144/tonne and had climbed to £156 by the end of the month. Oilseed rape prices improved steadily in line with the crude oil price, assisted by Sterling rates and propped up by lower predictions for the 2020 harvest and the unexpected closure of the Erith crushing plant; outlook for the coming months is less positive. Pulse pea and bean prices dropped back further as the market started to look towards the new crop.

Average spot prices in late June (per tonne ex-farm): feed wheat £155 (-2); milling wheat £180 (-); feed barley £122 (-1); oilseed rape £320 (+6); feed peas £200 (-16); feed beans £208 (-16).

- 2 The average potato price remained steady this month, largely due to the low volumes of crop moving as free-buy trade; with the end of the 2019 marketing season approaching packers and processors focussed on exhausting their contracted stock. A similarly flat picture was seen in the earlies trade as the suppressed catering sector deflated demand. Whilst the market remained under pressure from the lack of restaurant and chip shop trade, the proposed easing of lockdown is adding an optimistic air to the market. 2020 crop development is back on track, although crops without irrigation are reporting lower tuber numbers due to the early season dry spell and, correspondingly, lower yields are now budgeted. By late June the average potato price, having peaked at £208 per tonne, closed with a net drop of £2 to sit at £201 per tonne (£14 below the June 2019 closing average). The free-buy average, whilst not quoted at the month end due to low sample sizes, was tracking at similar levels to the average, peaking shortly before the month end at £208 per tonne (the average a year earlier was £237 per tonne).

2019 crop prices for grade 1 packing in late June (per tonne ex-farm): Maris Piper had increased in spread to between £150 and £365; white varieties had improved further at the top end and fallen at the lower end, ranging from £85 up to £400 for top quality with high baker content; red varieties had made material gains at the top end, to between £255 and £350, as supply tightened.

C Livestock

- 1 Cattle prices improved steadily, in small increments, over the course of the month. The average finished steer price progressed linearly from an opening position of 189p/kg lw to close at a month high of 193p/kg lw (up 4p to sit 13p above the closing average a year earlier). The average finished heifer price also improved but with more volatility; gaining with a little more vigour early on, from the opening position of 197p/kg lw, to 201p/kg lw; a mid-month lull was followed by a further gain to reach a closing average of 203p/kg (up 7p to sit 8p above the price a year earlier). Uncharacteristically, the average dairy cow price held steady all month: from an opening level of £1,242, it peaked at £1,289 before closing the month at a low of £1,201 (a fall of £41 in the month to sit £293 above the closing average a year earlier).

- 2 Lamb prices fell this month after the material jump to new season pricing in May. The average finished lamb price (SQQ live weight), from an opening position of 252p/kg lw, dropped over the course of the month to 216p/kg before a minor recovery in the final stages to close at 222p/kg lw (down 30p and sitting 13p/kg above the average a year earlier).
- 3 The average UK all pig price (APP) flattened out this month, still propped up by a tight pork supply chain, despite CVI9's suppression of demand. Opening at 167.6p/kg dw, the average dropped back marginally mid-month to 166.9p/kg before improving again to close at 167.5p/kg (down 0.1p to sit 15.9p/kg above the closing average a year earlier).
- 4 The UK average 'all milk' price for May, published in June, reported an average of 26.83ppl, a fall of 0.67ppl from April and 1.74ppl below the March average quoted last month (1.01ppl below the average in May 2019 and 0.22ppl below the rolling 5 year average of 27.05ppl). In the rankings against the 'EU28' farmgate milk price for April, published in June, the UK ranked 20th against a weaker EU28 weighted average of 30.23ppl.

VI Other crop news

- 1 The EU's Crop Monitoring service has downgraded its forecasts for UK crop yields to below the 5-year average for all main crops. Wheat yields are now forecast to average 7.9 tonnes per hectare, winter barley 6.8t/ha, spring barley 5.7t/ha and oilseed rape 3.3t/ha.
- 2 Statistics Canada has reported that Canadian farmers have planted the largest area of barley since 2009, up 1.4 per cent on last year.
- 3 A survey by Dekalb has revealed that more than 70 per cent of oilseed rape drilled before 21 August 2019 will be taken to harvest this year compared to less than 50 per cent where drilling was after 31 August.
- 4 Scientists at Rothamsted Research have claimed that growing a turnip rape border around oilseed rape crops could significantly reduce both pollen beetle and cabbage stem flea beetle.
- 5 Collaboration between the Earlham Institute, the John Innes Centre, Syngenta and NIAB has resulted in SeedGerm, a new tool based on machine learning-driven image analysis which can test seed samples to ensure a certain germination rate is met.
- 6 The Agricultural Price Index for April has been published. Compared to a year earlier, outputs of wheat fell by 9.2 per cent, barley by 15.7 per cent and oats by 47 per cent but potatoes rose by 1.5 per cent, oilseed rape by 4.7 per cent, forage plants by 0.1 per cent, fresh vegetables by 5.9 per cent and fresh fruit by 106 per cent. Compared to March, wheat rose by 2.3 per cent, barley by 2.1 per cent, oats by 1.3 per cent, forage plants by 0.7 per cent, fresh vegetables by 9.1 per cent and fresh fruit by 77.8 per cent but there were falls of 0.6 per cent for potatoes and 4.3 per cent for oilseed rape.
- 7 AHDB has reported incidences of 36-A2, an aggressive strain of potato blight that has, in the past, proved extremely difficult to manage. Most of the cases are in the south-east.
- 8 Defra's attempts to introduce new measures to mitigate the risk of *Xylella Fastidiosa* have been rejected by the European Commission as being 'disproportionate to the identified risk'.
- 9 Scientists from Flinders University in Australia have predicted that the habitat for the majority of invasive weed species will increase in Europe as a result of global warming.
- 10 Scientists at the University of Hertfordshire have developed a web-based, real-time system for calculating when to use fungicides to control strawberry powdery mildew, caused by the fungus *Polosphaera aphanis*.

VII Other livestock news

- 1 The 2020 FAO global Food Outlook suggests that meat production will fall by 1.7 per cent with falls of 8 per cent in pigmeat and 0.8 per cent in beef but increases of 2.4 per cent in poultry meat and 0.9 per cent in mutton and lamb. However, trade in meat is forecast to increase by 2.4 per cent with rises of 11.2 per cent in pigmeat and 0.3 per cent in poultry meat but falls of 1 per cent in beef and 2.9 per cent in mutton and lamb.
- 2 In the year to February, the number of new herd bovine TB incidents, compared to the previous year, fell by 8 per cent in England with falls of 8 per cent in the High risk area, 13 per cent in the Edge area and 1 per cent in the Low risk area. There was a fall of 13 per cent in Wales but a rise of 29 per cent in Scotland. The number of herds not officially TB free fell by 14 per cent in England with falls of 13 per cent in the High risk area, 19 per cent in the Edge area and 17 per cent in the Low risk area. There was a fall of 9 per cent in Wales but a rise of 58 per cent in Scotland.
- 3 UK prime cattle slaughterings in May fell by 12 per cent, compared to a year earlier, to 156,000 head; beef and veal production fell by 13 per cent to 68,000 tonnes; sheep slaughterings fell by 22 per cent to 766,000 head; mutton and lamb production fell by 26 per cent to 18,000 tonnes; pig slaughterings fell by 12 per cent to 801,000 head; and pigmeat production fell by 11 per cent to 71,000 tonnes.
- 4 The Agricultural Price Index for April has been published. Compared to a year earlier, outputs of pigs rose by 19.5 per cent, poultry by 4.5 per cent and eggs by 5.8 per cent but there were falls of 2 per cent for cattle and calves, 0.1 per cent for sheep and lambs and 2.6 per cent for milk. Compared to March, pigs rose by 0.2 per cent, poultry by 1 per cent and eggs by 3 per cent but there were falls of 1.3 per cent for cattle and calves, 20.5 per cent for sheep and lambs and 4.3 per cent for milk.
- 5 Data from the British Cattle Movement Service indicates that the milking herd fell by 2.9 per cent in the year to March. Of the reduction of over 50,000 cows, the main fall was in the 2-4 years age category, down by 37,300.
- 6 The AHDB June milk production forecast suggests 2020/21 will yield 12,437 million litres, a fall of 0.7 per cent on 2019/20.
- 7 AHDB has revised its 'standard litre' to be based on 1.5 million litres per year, 4.1 per cent butterfat, 3.35 per cent protein, 162k somatic cell count and 26k bactoscan. As a consequence the survey estimates that the average herd size has increased by 6 per cent over the past year.
- 8 In May, average butterfat content fell by 2.9 per cent, compared to April, to 4.01 per cent but was 1.2 per cent higher than a year earlier. Average protein content fell by 0.3 per cent, compared to April, to 4.01 per cent and by 1 per cent compared to a year earlier.
- 9 In April, UK dairies processed 1,243 million litres of milk, 0.1 per cent down on the 12 month rolling average. Compared to March, liquid milk production fell by 9.7 per cent to 505 million litres but cheese production rose by 4.7 per cent to 42,600 tonnes, butter production by 14.3 per cent to 18,800 tonnes and milk power production by 54.7 per cent to 11,400 tonnes.
- 10 Arla has reduced the price of a conventional litre to 29.26ppl and the price of an organic litre to 37.62ppl.
- 11 Scotland's Rural College and the Soil Association are investigating the use of heather, high in condensed tannins, and a fungi *duddingtonia flagrans*, as an alternative to anthelmintic treatments to help sheep cope with parasite burdens.

- 12 Scientists have discovered that unpalatable rushes have spread across surveyed areas of hill farms by between 82 per cent and 174 per cent. Certain wading birds do not like to breed in fields dominated by rushes and the material is considered to be highly combustible.
- 13 Since the end of March, Poland has reported four more outbreaks of African Swine fever in domestic pigs, one on a large commercial holding of 10,000 pigs just over 200km from the border with Germany. Cases involving wild boar have been found within 17km of the border.
- 14 In the past 5 months, Japan has reported 697 cases of Classical swine fever in wild boar and 7 outbreaks in domestic swine.
- 15 The UK has officially been declared free of Avian Influenza H5N3.
- 16 During May, UK commercial layer chick placings rose by 31 per cent, compared to a year earlier, to 3.5 million chicks; broiler chick placings fell by 3 per cent to 80.5 million chicks; turkey chick placings fell by 12 per cent to 700,000 chicks; turkey slaughterings rose by 14 per cent to 800,000 birds; broiler slaughterings fell by 2.5 per cent to 79 million birds; and poultry meat production rose by 0.3 per cent to 140,600 tonnes.
- 17 Germany has reported an outbreak of equine infectious anaemia in the state of Hesse.

VIII Inputs/Supply businesses

- 1 In 2018/19 the average application rate of nitrogen per hectare was 110kg from manufactured fertilizers and 9kg from organic fertilizers; the average application rate of phosphate per hectare was 22kg and 10kg respectively; and the average application rate of potash per hectare was 27kg and 28kg respectively.
- 2 Results from the 2018/19 Farm Business Survey reveal that 24 per cent of farm businesses carried out precision farming techniques to guide fertilizer application; 27 per cent use soil nutrient software packages to help determine fertilizer applications; 49 per cent of farms with grass included clover or other legumes in their grass swards; 17 per cent used green manures in their arable rotations; of those farms using clover/legumes or green manures, 71 per cent made adjustments to their fertilizer application rates; and 41 per cent relied on their own non-Fertilizer Advisory Certification and Training Scheme qualified advice for nutrient planning, 26 per cent relied on independently supplied FACTS advice and 23 per cent received advice from a FACTS qualified fertilizer supplier.
- 3 Bayer has agreed to settle a claim of glyphosate-based Roundup causing cancer in the sum of £8.8 billions.
- 4 The Agricultural Price Index for April has been published. Compared to a year earlier, there were falls of 3 per cent for seeds, 18.1 per cent for energy and lubricants, 9.4 per cent for fertilizers, 0.9 per cent for veterinary services, 3.4 per cent for feedingstuffs and 1.8 per cent for buildings maintenance but rises of 8.4 per cent for chemicals and 3.4 per cent for vehicle maintenance. Compared to March, there were falls of 8.3 per cent for energy and lubricants, 1 per cent for chemicals and 0.3 per cent for feedingstuffs but rises of 2.7 per cent for fertilizers, 0.1 per cent for veterinary services and 0.3 per cent for vehicle maintenance.
- 5 Agrovista is promoting the use of Wignest, a refuge for beneficial insects in orchards, such as earwigs, spiders, ladybirds and lacewings which feed on a wide range of pest species.
- 6 BioRationale has claimed that biological technologies now account for over 30 per cent of approved plant protection products in Europe.

- 7 Ynsect, a French animal feed and fertilizer company, has received approval for the use of YnFrass, a natural insect fertilizer. The fertilizer is derived from the waste of mealworms which feed on cereal by-products. It has a NPK of 4-3-2 and an organic matter content of 85 per cent.

IX Marketing

- 1 The UK Government has launched a 'bounce back' plan to help support agriculture, food and drink businesses which have been impacted by coronavirus. The programme includes an overseas virtual buyer trial, as 'Smart Distance Selling Process' and a package of 'Ready to Trade' Exporting Masterclass webinars. In addition, a SME E-commerce Accelerator Pilot is being launched to increase the level of international e-commerce support for SMEs in the food and drink industry. Defra has also announced its first Agri-Food Counsellor serving the Gulf nations.
- 2 In April, UK exports of sheep meat totalled 6,100 tonnes, down 2,300 tonnes year-on-year. Imports of sheep meat fell by 800 tonnes, year-on-year, to 8,300 tonnes with falls of 700 tonnes from New Zealand and 200 tonnes from Ireland.
- 3 Exports of pork in April rose by 2 per cent, year-on-year, to 20,500 tonnes with China taking over 50 per cent at 10,600 tonnes. The total value of exports was £53 millions. Imports fell by 32 per cent, year-on-year, to 26,600 tonnes.
- 4 AHDB is committing £100,000 to a summer campaign led by 'Bud the Spud'.

X Miscellaneous

- 1 The Government has advised that seasonal agricultural workers arriving in the UK will not have to quarantine for 14 days provided strict procedures are followed.
- 2 A survey by the Food, Farming and Countryside Commission has demonstrated a willingness in the industry for increased collaboration and diversity. Of those who responded, 90 per cent supported investment in short supply chains, 85 per cent wanted better pay and conditions for land-based work and 70 per cent wanted more power and resources devolved to local governments and communities.
- 3 Glyn Roberts has been re-elected president of the Farmers' Union of Wales.

Postscripts

Is this you?

In the following analysis, the French Professor, Bruno Dubois, Director of the Institute of Memory and Alzheimer's Disease (IMMA) at La Pitié-Salpêtrière - Paris Hospitals, addresses the subject in a rather reassuring way:

"If anyone is aware of his memory problems, he does not have Alzheimer's"

1. I forget the names of families.
2. I do not remember where I put some things.

It often happens in people 60 years and older that they complain that they lack memory. "The information is always in the brain, it is the "processor" that is lacking."

This is temporary forgetfulness.

Monthly Farming Update

The buzzards are circling!

Have you ever been involved in civil court case proceedings?

If you have, you will want to avoid the situation in the future. If you have not, beware, that is why lawyers are hardly paupers.

The costs associated with litigation can be enormous. Even if your case is successful, the chances of recovering your costs are remote. This has led to an increase in the cases of out-of-court settlement even though the claimant's case is dubious. One recalls the case of a well-known, and respected, songwriter who, many years ago, settled a plagiarism case in the sum of £120,000 simply because the legal fees in defence would be greater.

But the case of *Shapton v Saviour* leads one to believe that adult offspring are increasingly bringing unmerited claims for inheritance under the 1975 Act in the hope that the defendant will settle out of court because of the costs involved.

In this case, Colin Seviour left his estate, valued at £268,000, to his terminally ill widow. His daughter, who was financially independent, argued she was entitled to 25 per cent of the estate. She, and her husband, had good incomes but she had debts of £20,000 and wanted a larger house.

The court rejected her claim and awarded £50,000 of costs against her.

However, it does illustrate the need to consider all possible matters when structuring the terms of one's will.

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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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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