



**CHAVEREYS**

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# MONTHLY FARMING UPDATE

# May 2020



### I Policy issues

- 1 The Government has issued a number of recommendations following a review of the Agriculture & Horticulture Development Board. These include a ballot every five years on the future of the annual levy and the strategy in each sector; structure should centre around two priorities, market development and improving farm performance; and exploring a new governance structure to facilitate cross-sector working and break down communication barriers between different parts of the organisation.

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

- 1 The deadline for making claims under the Basic Payment Scheme, Countryside Stewardship, Environmental Stewardship and woodland legacy revenue payments has been extended by one month.
- 2 The Rural Payments Agency is to make available loans, to be paid in May, of up to 75 per cent of unpaid Countryside Stewardship payments.
- 3 Payments totalling £19.1 millions have been made to almost 6,000 farmers and crofters in Scotland's most remote and rural areas from the Less Favoured Area Support Scheme.

### III Grants/regulations/legislation/environment

- 1 Between 2016 and 2017, the UK's carbon footprint fell by 3 per cent as a result of a decrease in household travel and a reduction of emissions associated with the production of goods and services. The carbon footprint is now 21 per cent lower than when at its peak in 2007. Greenhouse gas emissions relating to imports have risen by 18 per cent since 1997 with those associated with imports from China being up by 260 per cent. In contrast, emissions relating to goods and services produced in the UK have fallen by 31 per cent since 1997.
- 2 The Forestry Commission has announced the second auction of the Woodland Carbon Guarantee whereby £10 millions is available to support woodland planting. Land managers have until 5 June to enrol and the auction will take place between 8 and 19 June.
- 3 The Welsh Government has published regulations which will have the effect of making Wales a Nitrate Vulnerable Zone.
- 4 New regulations have come into force to protect the forestry and horticulture industries against disease and pests. The import of *Coffea* (Coffee) and *Polygala myrtifolia* (Sweet Pea bush) is prohibited due to a high risk of disease from *Xylella*. Strong import requirements have also been imposed on other high-risk hosts including Olive, Almond, Nerium Oleander, Lavender and Rosemary. Stronger import controls have also been imposed on any trees imported from countries within 100km of areas where the beetle Emerald ash borer has been confirmed. Plane trees can only be imported if grown in an area free of Plane tree wilt or an EU Protected Zone. This applies to imports from Albania, Armenia, Switzerland, Turkey, the EU-27 and the US.
- 5 Defra has approved proposals for improving coastal access between Penzance and St. Mawes, Grain and Woolwich, Southend-on-Sea and Wallasea Island, and Gosport to Portsmouth.

## IV Other matters of farm finance and tenure

- 1 The US Department of Agriculture has announced support for farmers totalling \$19 billions.
- 2 The Agricultural Price Index for February shows that outputs rose by 0.7 per cent, compared to a year earlier, while inputs fell by 2.8 per cent.
- 3 The Netherlands is to provide €600 millions of support mainly for the horticulture sector.
- 4 The Scottish Government has made available £40 millions to about 7,000 specialist beef producers under the Scottish Suckler Beef Support Scheme. It has also issued convergence payments totalling £768,500 mainly to new entrants to farming.

## V Product prices

*Prices and the availability of prices have been severely 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 remained highly volatile this month as the economies around the world hit differing stages of CV19 at different times. Against the Euro, having started the month at 89.6p per €, Sterling gained to a peak of 86.7p, dropped to 88.5p and peaked again at 86.7p but eventually closed the month at 87.0p per € (2.6p stronger). Against the US Dollar, Sterling opened at 80.3p per \$, fell to 82.0p early on, peaked mid-month at 79.1p and weakened to 81.5p before recovering to close the month at 80.0p per \$ (0.3p stronger). The impact of the crude oil price war between OPEC and Russia faded into the background as CV19 lockdowns led the global demand for oil to plummet; despite this Brent Crude oil prices, still managing some volatility, improved from \$26.34 per barrel to \$34.11 early on and fell mid-month to an all-time low of \$19.33, before recovering to close of \$26.44 per barrel; an improvement of \$0.10.

### B Crops

- 1 Cereal prices fell back generally this month as crop development around the globe led markets to predict a large 2020/21 crop. The average wheat price fell back as the pressure on old crop was increased by the published ‘US supply and demand estimates’ and the lack of the predicted Russian imposition of export limits, despite the dry weather in the Black Sea region. LIFFE feed wheat futures followed the volatility of currencies and commodities alike as CV19 continued to unfold, but remained largely negative. By late April prices had fallen, with deliveries for November 2020 and 2021 down to £162/tonne (-10) and £148/tonne (-8) respectively. The oilseed rape price remains curtailed by the low crude oil price, volatile Sterling rates and availability of alternative protein sources but has been propped up at a domestic level by lack of UK rainfall in recent weeks. Pulse pea and bean prices continued to gain, albeit marginally, as global shortages remain.

Average spot prices in late April (per tonne ex-farm): feed wheat £147 (-9); milling wheat £169 (-7); feed barley £123 (-6); oilseed rape £301 (-5); feed peas £232 (+2); feed beans £240 (+2).

- 2 The average potato price peaked and relaxed this month in a flat market, as the UK settled into its lockdown status and the over-stocking by consumers subsided. The market remains manifestly split with domestic demand for packed product tracking broadly in line with previous years but demand for frying varieties way down, as restaurants and chip shops remain closed; although the latter part of the month saw a number of these businesses coming back on line, albeit at reduced capacity, hampered by social distancing measures. Planting conditions for the UK 2020 maincrop were near to perfect for many as warm dry weather remained; although by the end of the month growers were already calling for more rain! By late April the average potato price, having hit £213 per tonne, closed with a net gain of £2 to sit at £206 per tonne (£1 above the April 2019 closing average) whilst limited information has meant the free-buy average has not been quoted for a number of weeks.

2019 crop prices for grade I packing in late April (per tonne ex-farm): Maris Piper had improved at the lower end to between £210 and £360; a small tonnage of King Edwards had moved at £265; white varieties had dropped materially at the lower end to between £150 and £370 as a result of large quantities of chipping crop being sold for packing; red varieties had fallen back to between £210 and £300.

#### C Livestock

- 1 Cattle prices, whilst more volatile this month, were negative in trend. The average finished steer price fell from an opening position of 189p/kg lw to 178p/kg early on, peaking again at 184p/kg and dropping to 178p/kg before eventually closing at 182p/kg lw (down 7p to sit level with the closing average a year earlier). The average finished heifer price was similarly volatile: falling from an opening position of 198p/kg lw to 193p, improving again to 197p/kg and falling back to 191p/kg before closing at 193p/kg lw (down 5p to sit 4p below the price a year earlier). The average dairy cow price was quoted as falling from an opening position of £1,244 to £955 per head, where it then remained all month, largely because of lack of transactions in the shadow of the impact of CV19 on the dairy sector (a fall of £289 in the month and £15 below the closing average a year earlier).
- 2 Lamb prices (old season) fell hard in the early part of the month, partly as the market continued to rebalance after March's over-reaction and partly as Easter, a prime peak demand for lamb, was subdued by CV19 restrictions. The fall was followed promptly by a partial recovery. The average old season finished lamb price (SQQ live weight), from an opening position of 230p/kg lw, dropped to 199p/kg at the start of the month but was back to 215p/kg by mid-month before dropping back to close at 211p/kg lw (down 19p and sitting 2p/kg above the average a year earlier).
- 3 The average UK all pig price (APP) gained marginally throughout April, as the pork market weathered the CV19 storm well, logistically, and demonstrated that supply remains tight. Opening at 166.0p/kg dw, the average banked small weekly gains to close at 166.6p/kg (up 0.6p to sit 23.1p/kg above the closing average a year earlier).
- 4 The UK average 'all milk' price for February, published in April, reported an average of 28.67ppl, a drop of 0.10ppl from the January average (0.68ppl below the average in February 2019 and 1.48ppl above the rolling 5 year average of 27.19ppl). Official March and April figures, yet to be published, are expected to show material reductions in average prices as CV19 took hold and the foodservice market stopped in its tracks. The dairy industry, already under pressure, is suffering from severe cash shortages resulting in many producers forced to accept delayed milk cheques. EU comparison has not been possible this month due to lack of information.

## VI Other crop news

- 1 The Agricultural Price Index for February shows that cereals fell by 21.7 per cent, compared to a year earlier. There were falls of 16.9 per cent in wheat, 36.5 per cent in barley, 58.7 per cent in oats, 7.2 per cent in potatoes, 22.9 per cent in forage plants and 8.6 per cent in fresh vegetables but there were increases of 3.6 per cent in oilseed rape and 35.7 per cent in fresh fruit. Compared to January, there were increases of 4.5 per cent in wheat, 3.8 per cent in barley, 3.4 per cent in potatoes, 0.3 per cent in oilseed rape and 5.3 per cent in forage plants but there were falls of 1 per cent in oats, 3.5 per cent in fresh vegetables and 4.6 per cent in fresh fruit.
- 2 ADAS has reported high numbers of cabbage seed weevil in oilseed rape crops, opening exposure to the more harmful brassica pollen midge.
- 3 Shockingly Fresh, a Scottish start up, has obtained planning permission for its first vertical farm, a 1.2 hectare glasshouse near Offenham in Worcestershire. The business has plans to create more than 40 vertical farms.

## VII Other livestock news

- 1 The EU has forecast that beef production will fall by 0.6 per cent this year due to a contraction in herd size and weaker prices. Exports are forecast to increase by 1 per cent while consumption is forecast to fall by 0.7 per cent.
- 2 The European Commission has proposed that 25,000 tonnes of beef and veal could be held for between three and five months under the Private Storage Aid scheme. A further 36,000 tonnes of sheep meat could qualify.
- 3 In the year to January, the number of new herd bovine TB incidents in England, compared to the previous 12 month period, fell by 9 per cent, with falls of 8 per cent in the High risk area, 12 per cent in the Edge area and 3 per cent in the Low risk area. There was a fall of 17 per cent in Wales but a rise of 16 per cent in Scotland. The number of herds not officially TB free fell by 13 per cent in England with falls of 13 per cent in the High risk area, 16 per cent in the Edge area and 14 per cent in the Low risk area. There was a fall of 10 per cent in Wales but a rise of 47 per cent in Scotland.
- 4 Sainsbury's is to reduce the purchase of black and white bull calves from its Dairy Development Group members as it concentrates on Aberdeen-Angus.
- 5 The Agricultural Price Index for February shows increases of 1.5 per cent in cattle and calves, compared to a year earlier, 20.6 per cent in pigs, 27.4 per cent in sheep and lambs, 7.8 per cent in poultry and 4.4 per cent in eggs but there was a fall of 2.8 per cent in milk. Compared to January, cattle and calves rose by 0.7 per cent, pigs by 0.1 per cent, sheep and lambs by 15.4 per cent and poultry by 1.2 per cent but milk fell by 0.6 per cent.
- 6 During March, UK prime cattle slaughterings, compared to a year earlier, rose by 10 per cent to 183,000; beef and veal production rose by 8.4 per cent to 82,000 tonnes; sheep slaughterings fell by 10 per cent to 891,000; mutton and lamb production fell by 14 per cent to 21,000 tonnes; pig slaughterings rose by 9.9 per cent to 944,000; and pigmeat production rose by 11 per cent to 85,000 tonnes.
- 7 The European Commission has opened Private Storage Aid for skimmed milk powder, butter and all cheeses. It is thought that about 4,500 tonnes of UK cheese would qualify.
- 8 Arla has dropped its price by 0.9ppl. Conventional milk will fall to 29.89ppl and organic milk to 38.92ppl.

- 9 In March, UK dairies processed 1,218 million litres of milk with the rolling 12 month average 0.2 per cent down on February. Liquid milk production rose by 10.7 per cent, compared to February, to 557 million litres; cheese production rose by 12.3 per cent to 40,500 tonnes; butter production rose by 6.5 per cent to 16,400 tonnes; and milk powder production rose by 20.5 per cent to 7,300 tonnes.
- 10 Medina Dairy is to reduce its milk price by 5ppl to 20.75ppl and delay payments.
- 11 During March, average butterfat content rose by 0.8 per cent, compared to February, to 4.23 per cent and was 2.8 per cent higher than a year earlier. Average protein fell by 0.2 per cent to 3.37 per cent but was up 1 per cent compared to a year earlier.
- 12 Elanco has reported the first cases of blowfly strike in Buckinghamshire, Devon and Herefordshire.
- 13 The EU has forecast that EU sheep and goat meat production will remain stable this year as a result of a contraction in flock size, a slowdown in production in Romania and improved export opportunities. Exports are forecast to rise by 2 per cent, imports to fall by 1 per cent and consumption to fall by 0.4 per cent.
- 14 Thailand has reported four new outbreaks of African Horse Sickness.
- 15 EU pigmeat production is forecast to grow by 0.7 per cent this year with exports up 12 per cent but consumption down 1.8 per cent.
- 16 African Swine Fever has been reported for the first time in Papua New Guinea with further outbreaks in pigs in China, Myanmar, the Philippines and Timor Leste. There have also been outbreaks in wild boar in China and South Korea.
- 17 In the first quarter of 2020, 7.8 million cases of eggs were packed in the UK, 1 per cent down on a year earlier and 0.2 per cent down on the three months to December. The average farm-gate price was 75.5p per dozen, 9 per cent up on a year earlier and 4 per cent up on the December quarter. The production of egg products totalled 22,300 tonnes, 5.6 per cent up on a year earlier but 5 per cent down on the December quarter.
- 18 Hungary has reported 159 new outbreaks of Highly pathogenic avian influenza in commercial poultry since late March, Poland has reported two outbreaks on large turkey farms and Germany has reported a case on a large turkey farm and also an outbreak in captive birds in a zoo.
- 19 During March, UK commercial layer chick placings, compared to a year earlier, fell by 15 per cent to 2.8 million chicks; broiler chick placings rose by 3 per cent to 86.4 million chicks; turkey chick placings rose by 2 per cent to 900,000 chicks; turkey slaughterings fell by 31 per cent to 500,000 birds; broiler slaughterings rose by 1.4 per cent to 83 million birds; and total poultry meat production was static at 143,900 tonnes.
- 20 The USA has reported an outbreak of highly pathogenic avian influenza H7N3 in a commercial turkey flock in South Carolina.

## **VIII Inputs/Supply businesses**

- 1 The Chemicals Regulation Directorate has announced that use of fungicide pencycuron to control black scurf in potatoes must cease with immediate effect.
- 2 Nufarm has launched Promalin, a plant growth regulation authorised for use on apples and pears.

- 3 The Agricultural Price Index of February shows increases of 2 per cent in energy and lubricants, compared to a year earlier, 8.6 per cent in chemicals and 3.4 per cent in vehicle maintenance but there were falls of 0.8 per cent in seeds, 17 per cent in fertilizers, 1 per cent in veterinary services, 8.4 per cent in animal feeding stuffs and 1.8 per cent in building maintenance. Compared to January, there were falls of 4.4 per cent in energy and lubricants, 0.7 per cent in fertilizers, 0.2 per cent in chemicals but increases of 1.4 per cent in animal feedingstuffs and 0.5 per cent in building maintenance.
- 4 The Chemicals Regulations Directorate has granted extensions of authorisations for minor use of Emerger for post-emergence weed control in root vegetables, stem vegetables and alliums.
- 5 Emergency authorisation has been granted for the use of Biscaya (thiacloprid) to counter virus yellows in sugar beet.
- 6 BASF has launched Serifel, a biological fungicide for the reduction of damage by botrytis on protected strawberries, raspberries, blueberries and loganberries.
- 7 The Chemicals Regulation Directorate has announced that all stocks of products containing fungicide active ingredient epoxiconazole must have been disposed of by 31 October 2021.

## **IX Marketing**

- 1 Legislation is to be introduced to relax competition law to enable the dairy industry to address current market challenges, avoid waste and maintain productive capacity to meet future demand. Areas include the sharing of labour and facilities, co-operating to temporarily reduce production and identifying where there is hidden capacity in the supply chain for processing milk into other dairy products such as cheese and butter.
- 2 The US Department for Agriculture is forecasting global beef production this year to be 0.2 per cent down at 61.53 million tonnes. Global imports are expected to fall by 1 per cent but an increase of 15 per cent is forecast for China.
- 3 AHDB, Quality Meat Scotland and Hybu Cig Cymru are to launch a £1.2 millions national consumer campaign encouraging consumers to “Make It” with beef.
- 4 UK exports of fresh and frozen beef rose by 6 per cent in February, compared to the previous year meaning a growth of 13 per cent in the year to date. Exports to Ireland rose by 5 per cent, to Hong Kong by 7 per cent and to Poland by 314 per cent. However, exports to the Netherlands fell by 12 per cent, to France by 4 per cent and to Italy by 37 per cent. Despite the volume increase, the value of exports fell by 6 per cent due to a 12 per cent decline in the average unit export price.
- 5 Marks & Spencer has launched a six-week campaign to promote its 10,000 British supplier farmers and growers.
- 6 During February, UK imports of sheep meat fell by 30 per cent year on year with declines in shipments from New Zealand and Ireland. Exports fell by 5 per cent to 6,000 tonnes, mainly caused by falls in shipments to France, Germany and Ireland. However, the value of exports rose by £3 millions to £29 millions.

## **X Miscellaneous**

- 1 Lucy’s Law has been enacted which means that anyone wanting to acquire a puppy or a kitten in England must either buy from a registered breeder or adopt from a rescue centre.
- 2 Teresa Wickham has been appointed President of the Marden Fruit Show Society.

## Postscripts

A lockdown poem

They said the world was closed today  
 So I went to have a look,  
 I found the shutters down  
 And the phone was off the hook.  
 So I stood there for a little while  
 But no one was around,  
 Then silence came and startled me  
 With the most alarming sound.  
 I asked him where the others were,  
 And why the street were bare,  
 He whispered 'Life had ran away  
 While death was playing there'  
 'Oh no' I said 'It can't be true  
 For life is not afraid'  
 'But no one ever goes' he said  
 'Where death has ever played.'  
 I understood and walked away  
 As Hope was standing there  
 With Courage in her afterglow  
 And the sunlight in her hair.  
 She said 'Go home to those you love  
 This is no place to be,  
 For if we walk these streets today  
 Then no one shall be free'.  
 She threw her light to lead the way  
 And showed me where to go,  
 The very road that life had gone  
 Where the future flowers grow.  
 Then death showed me another way  
 But I didn't want to look,  
 So I stumbled home in time for tea  
 And I read another book.  
 It was called The World is Closed Today  
 And the streets we shouldn't roam,  
 The first line said 'Just please be safe'  
 And the ending – 'Stay at Home'

# Monthly Farming Update

## Put a stop to 'ell!

It is time to revisit your favourite subject, that of proprietary estoppel. It is interesting to note that cases on this subject are becoming more frequent as society in general becomes more litigious.

In the case of the Horsford family, Marian, aged 88, demanded the sum of £2.5 millions on her retirement from the family partnership for her interest in partnership property. Her son, Peter, claimed to have always been promised the farm by his parents and that no liability existed.

In some respects it is a classic case. Peter went to agricultural college, spent time abroad and then returned to work on the family farm for long hours and minimal reward. His siblings were not involved in the farming business.

Over time statements were made that, in the long term, the farm would be his. But such statements were ambiguous and could be interpreted in a number of ways. Peter certainly interpreted them to the extent that he would inherit the farm with perhaps a nominal payment to his siblings.

However, the court decided that Marian, while accepting that Peter would 'inherit' the farm, had consistently implied that her options as to the inheritance of her daughters remained unresolved and she reserved the right to make a decision accordingly which, in due course, she did.

Farming is a generational based industry. It is best if future planning is open and fully discussed amongst potential beneficiaries rather than leaving matters uncertain inviting litigation and family disharmony which may never be resolved.

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



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