



CHAVEREYS

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# MONTHLY FARMING UPDATE

# March 2021



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### I Policy issues

- 1 Following the consultation in 2020, the UK Government is to develop a new statutory Code of Conduct for the dairy sector. It will seek to provide a guiding framework, establishing minimum standards but enabling contracts to be adapted to suit individual circumstances.

### II Reform

- 1 Defra has announced that a pilot will take place in the autumn to 'help with implementation of the Sustainable Farming Incentive'. Participating farmers will be paid on an income foregone basis. Farmers in the pilot can select from an initial set of eight standards based on features such as soil, grassland, hedgerows, waterbodies or woodland. Each standard contains actions which farmers can apply most suited to their farms.
- 2 Defra has published details of the Environmental Land Management Tests and Trials for the three months to last August.
- 3 Countryside Stewardship agreements, to take effect from 1 January 2022, have opened for applications. Changes include new options to help improve air quality, reduce ammonia emissions and improve water quality; an improved capital grant which can be taken in tandem with a Countryside Stewardship Wildlife offer; new wood pasture options in the uplands; improve woodland options including bracken control and stone wall options; and expanded eligibility criteria for the upland option UP2.
- 4 Researchers in the PARTRIDGE project, funded by NSR Interreg, are seeking the view of 6,000 arable farmers across six European countries on how agri-environment schemes should work for arable farms and wildlife. The survey in England and Scotland is led by the Game & Wildlife Conservation Trust. The survey can be found at [www.gwct.org.uk/arablesurvey](http://www.gwct.org.uk/arablesurvey).

### III Grants/regulations/legislation/environment

- 1 Defra has launched a three-week consultation to determine details of the new interim licensing regime in England relating to the release of gamebirds on and around protected sites in England.
- 2 The Natural Environment Investment Readiness Fund has been formed with £10 millions to provide grants of up to £100,000 to environmental groups, local authorities and businesses to develop nature projects in England to a point where they can attract private investment.
- 3 In 2019/20, local authorities in England dealt with 976,000 fly-tipping incidents, up 2 per cent on 2018/19. 65 per cent of fly-tipping involved household waste, up 7 per cent on the previous year. The most common place for incidents was highways at 43 per cent, up 6 per cent. The most common size category was the equivalent of a 'small van load', at 34 per cent, followed by a 'car boot or less' at 28 per cent. Local authorities carried out 474,000 enforcement actions, down 5 per cent on 2018/19, while the number of fixed penalty notices fell by 2 per cent to 75,400.
- 4 The Scotland Food & Drink Partnership's Regional Food Fund has reopened for applications.
- 5 Albert Bartlett has agreed to donate £14,000 to the Norfolk Rivers Trust following being charged by the Environment Agency with polluting the Smallburgh Stream, near its factory at Worstead, in 2019.

- 6 Robert Caudwell has been appointed as the Chair of the Lowland Agricultural Peat Task Force tasked with improving the condition of England's farmed lowland peat.

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

- 1 AHDB statutory levy payers have voted 61 per cent in favour of abolishing the levy but the AHDB has claimed that, on the basis of the levies paid, 57 per cent voted in favour of retention. Defra has promised to respect the vote and abolish the levy.
- 2 Defra and UK Research and Innovation have launched Farming Innovation Pathways, a £12 millions research and development fund to focus on challenges across the agri-food sector, priorities being robotics and automation.
- 3 The Agricultural Price Index for December shows an increase of 1.6 per cent in outputs, compared to November, and an increase of 9.1 per cent compared to a year earlier. Inputs increased by 0.4 per cent and 4.2 per cent respectively.

#### **V Product prices**

##### **A Market background**

- 1 Sterling exchange rates strengthened against both Dollar and Euro this month, however, in both cases it peaked before the month end and closed on a negative trend. Against the Euro, Sterling opened at 88.5p per € and improved for most of the month to reach a peak of 85.6p (the strongest since February 2020) before falling back to close at 86.7p per€ (up 1.8p). Movement against the US Dollar was similar as, from an opening rate of 72.9p per \$, it improved to a peak of 70.4p, before closing at 71.8p per \$ (up 1.1p). Crude oil prices improved materially this month, with minimal volatility; Brent Crude, from a starting position of \$55.53 per barrel, rose steadily throughout the month to reach a closing position of \$66.13 per barrel (up \$10.60).

##### **B Crops**

- 1 Cereal prices appeared to have turned a corner this month, dropping back as a result of a combination of the market's view of the 2021 harvest and stronger Sterling. However, as the month end approached, the market gained a semblance of positivity from concerns about Russian and US wheat crops following the recent low temperatures. Talk of greener fuel production and the rising crude oil price has brought some focus back onto bioethanol, underpinning price. Milling premiums have fallen by a quarter to £15/tonne. LIFFE feed wheat futures gained over the course of the month, with slightly more volatility in the medium term but lower price swings than seen recently (£4 to £6). By late February, deliveries for November 2021 and 2022 were £170/tonne (+4) and £160/tonne (+3) respectively; January 2023 deliveries stood at £162/tonne. Oilseed rape prices remain on the rise, despite sterling's strength, with low 2020 harvest output worldwide, increased crude oil prices and a strong soya market all keeping price movements positive. Average spot prices in late February (per tonne ex-farm): feed wheat £201 (-); milling wheat £215 (-6); feed barley £159 (-4); oilseed rape £398 (+22); feed peas £218 (+2); feed beans £224 (+2).
- 2 The average potato price for 2020 crop dropped back over the course of February, with recent announcements on the roadmap out of lockdown not appearing to have had much effect by the end of the month. The market is largely focussed on the packing and processing sectors where movement is predominantly under contract. Prices remain relatively buoyant, all things considered, but the volumes moving have been small and concern remains that, when the UK reopens fully, the market will be over supplied.

Packers are still running well below full capacity, with demand only coming from retail. Buyers appear to be waiting for more concrete signs unlock is happening before committing. By late February the average potato price had dropped from its opening position of £172/tonne to a closing average of £165/tonne (down £7 and £12 below the February 2020 closing average). The free-buy average opened at £138/tonne, briefly touched £147/tonne mid-month but fell back again to close the month at £133/tonne (down £5 and £49 below the February 2020 closing average).

2020 crop prices for grade 1 packing, in late February (per tonne ex-farm): Maris Piper had improved to between £180 and £290; King Edwards, moving in very small volumes, were approximately £310; Reds had improved at the top end to between £160 and £220; whilst white varieties had dropped back to between £50 and £150; low volumes of salad varieties were moving at between £270 and £350.

#### C Livestock

- 1 Cattle price movements remained subdued this month but with a trend of improvement overall. The average finished steer price, from an opening position of 206p/kg lw, rose to 213p/kg but dropped in the final week to close at 210p/kg (up 4p, to sit 26p above the closing average a year earlier). The average finished heifer price also increased from its opening position of 212p/kg lw closing at the month's peak of 220p/kg (up 8p, to sit 27p above the price a year earlier). The average dairy cow price was volatile this month: opening at £1,349, it fell sharply to £1,237, bounced back to £1,308 and fell back to £1,246 before eventually improving to close the month at £1,360 (a gain of £11 to sit £181 above the closing average a year earlier).
- 2 The average finished lamb price (SQQ live weight) continued to rise this month, as a result of the mismatch of tight market supply and strong demand. The average, from an opening position of 252p/kg lw, increased throughout the month to reach a closing average of 278p/kg lw (26p up to sit 44p/kg above the average a year earlier).
- 3 The average UK all pig price (APP) continued the downward trend of past months. Opening at 148.7p/kg dw, the average price fell sharply in the first week before continuing to fall marginally for the rest of the month, leading to a closing average of 143.1p/kg (down 5.6p and 21.8p/kg below the closing average a year earlier).
- 4 The UK average 'all milk' price for November, reported at the start of the month, recorded a gain of 0.64 ppl to 30.65ppl (0.78ppl above the average in November 2019 and 2.88ppl above the rolling 5-year average of 27.77ppl). The UK price sits 2.01ppl below the EU28 (ex UK) weighted average of 32.66ppl. Initial reports of the December 2020 UK average 'all milk' price suggest a fall to 30.38ppl.

## VI Other crop news

- 1 The AHDB has published its forecast of spring crop gross margins for the 2021 crop which are spring milling wheat £673 per ha; spring malting barley £632 per ha; soya £576 per ha; spring beans £512 per ha; spring milling oats £494 per ha; spring feed barley £476 per ha; spring linseed £418 per ha; spring oilseed rape £407 per ha; and spring feed oats £375 per ha.
- 2 Data produced by Land Family Business from members of the Groundswell benchmarking group has suggested that no-till growers produce a tonne of wheat for £23 per tonne less than the average farm.

- 3 The UK has formally adopted a temporary EU experiment whereby licensed crop inspectors can approve crops entered to produce pre-basic and basic seed.
- 4 The Vivergo Fuels site in Hull is due to reopen following the announcement that E10 fuel will be sold at filling stations from September. Before the plant closed in 2018 it was processing 11 million tonnes of wheat a year.
- 5 Led by ADAS and Harper Adams University and funded by AHDB, a project CFSB SMART – ‘Sharing Management and Agronomy Research Tools’ aims to provide growers with information on how to implement management strategies to combat the damage caused by cabbage stem flea beetle. It will connect two existing research projects ‘Reducing the impact of CSFB on OSR in the UK’ and ‘CSFB: evaluating management of OSR on-farm for maximum margins.’
- 6 Pioneer has introduced Pioneer Protector Sclerotinia, the first winter oilseed rape variety with a claim for tolerance to sclerotinia.
- 7 The Agricultural Price Index for December shows increases of 4.7 per cent for wheat, compared to November, 5.1 per cent for barley, 7.8 per cent for potatoes, 1.5 per cent for oilseed rape and 22.5 per cent for forage plants but falls of 0.9 per cent for oats, 1.3 per cent for fresh vegetables and 3.3 per cent for fresh fruit. Compared to a year earlier, there were increases of 41.2 per cent for wheat, 19.5 per cent for barley, 10.6 per cent for oats, 11.2 per cent for oilseed rape, 152.7 per cent for forage plants and 11.6 per cent for fresh fruit but falls of 12.9 per cent for potatoes and 2 per cent for fresh vegetables.
- 8 The EU has confirmed there will be no relaxation on the ban of seed potato imports from the UK.
- 9 On-farm potato stocks at the end of January totalled 2.11m tonnes, 47,400 tonnes lower than a year ago but 40,860 tonnes higher than the 5-year average.
- 10 A survey conducted in 200 fields in England with the highest level of potato production and 17 fields in Scotland has revealed that root lesion nematodes are in 88 per cent of English fields and 94 per cent of Scottish fields.
- 11 The Sainsburys laboratory in Norwich has found the genes in *Solanum americanum*, the ancestor of black nightshade, to be an excellent source of new resistant genes against late blight in potatoes.
- 12 Research at Wageningen University & Research has revealed that, when a cabbage white butterfly lays eggs on wild crucifer plants, such as black mustard, the plant can initiate a reaction which causes the leaf beneath the egg to die in a controlled manner which causes the egg to desiccate and fall off the plant.
- 13 Researchers at the National University of Singapore have identified 300 species of micro-organisms that grow together with common Asian vegetables which will assist high-tech urban farmers produce more crops using less fertilizer.
- 14 Scientists at the US Agricultural Research Service have identified beneficial microbes which can be found around carrot roots and hope the information can be used as a defence against diseases such as *Alternaria* leaf blight.
- 15 A Statutory Instrument will come into force this month to introduce stricter measures against *Xylella fastidiosa* which causes diseases in woody commercially grown plants such as grapevine, citrus, olive and broadleaf trees.
- 16 Tomato growers in the Isle of Wight and Yorkshire have initiated a project which aims to achieve a detailed understanding of the water balance within plants so as to improve greenhouse irrigation efficiency and reduce crop losses.

## VII Other livestock news

- 1 A study conducted by processor ABP of 4,000 animals at its demonstration farms in Shropshire and Ireland has revealed that methane emissions could be reduced by up to 40 per cent by using a data-driven approach to selective breeding whereby animals are bred which are more efficient at converting feed to protein, reaching their target weight earlier and thereby reducing their environmental footprint.
- 2 A new world record Limousin price of 250,000 guineas has been set by a maiden heifer, Wilodge Poshpice from Shropshire.
- 3 AHDB is to fund the UK National DNA Traceability Initiative which aims to examine the potential for a DNA traceability system through the beef supply chain.
- 4 The British Cattle Movement Service has reported 1,906,000 beef calf registrations in Great Britain in 2020, 1 per cent up on 2019.
- 5 During January, UK prime cattle slaughterings fell by 2.3 per cent, compared to a year earlier, to 166,000; beef and veal production fell by 3 per cent to 76,000 tonnes; sheep slaughterings fell by 18 per cent to 850,000; mutton and lamb production fell by 21 per cent to 19,000 tonnes; pig slaughterings fell by 10 per cent to 862,000; and pigmeat production fell by 6.4 per cent to 80,000 tonnes.
- 6 An Abattoir Sector Group has been established to help develop a network of local abattoirs across the UK.
- 7 Freshways Dairy and Medina Dairy are reported to be in merger discussions.
- 8 A survey undertaken by Molecare Farm Vets has suggested that dry and early lactation cows fed maize and wholecrop-based diets could benefit from greater supplementation with vitamin E and beta carotene. The survey showed that 90 per cent of fresh cows were deficient in Vitamin E while 75 per cent were deficient in beta carotene.
- 9 UK butterfat content in January was unchanged at 4.30 per cent but was 3.2 per cent higher than a year ago. Protein content fell by 0.7 per cent to 3.36 per cent but was unchanged compared to a year earlier.
- 10 Arla has increased its on-account price for conventional and organic milk by 0.5 Euro cent taking the prices to 30.03ppl and 38.39ppl respectively.
- 11 The Agricultural Price Index for December shows increases of 4.6 per cent for cattle and calves, compared to November, 5.2 per cent for sheep and lambs and 2.1 per cent for poultry but falls of 3.6 per cent for pigs and 1.1 per cent for milk. Compared to a year earlier, there were increases of 10.8 per cent for cattle and calves, 12 per cent for sheep and lambs, 1.7 per cent for poultry, 4 per cent for milk and 8.2 per cent for eggs but a fall of 11.5 per cent for pigs.
- 12 The Sustainable Control of Parasites in Sheep and the Control of Cattle Parasites Sustainably groups have reported evidence of liver fluke in North West England, the Midlands, Cumbria and the West of Scotland.
- 13 A new world record, of £27,100, for a sheepdog has been set by Kim from Ceredigion.
- 14 The National Sheep Association has asked sheep farmers to complete its survey on sheep worrying by dogs. The survey is open until 19 April at:- [www.surveymonkey.co.uk/r/sheepworrying2021](http://www.surveymonkey.co.uk/r/sheepworrying2021).
- 15 Romania has reported 30 outbreaks of African Swine Fever in domestic pigs in the past two months involving over 60,000 pigs. Russia has reported 10 outbreaks covering commercial premises ranging from between 10,000 and 35,000 pigs. Germany has reported numerous outbreaks in wild boar.

- 16 Latest information indicates there have been two new outbreaks of HPAI H5N8 highly pathogenic avian influenza, one in England and one on Anglesey. There have been three outbreaks of H5N3 in wild birds in England, two in Scotland and one in Northern Ireland while there has been one outbreak of H5N1 in Scotland.
- 17 During January, UK commercial layer chick placings fell by 10 per cent, compared to a year earlier, to 3.5 million chicks; broiler chick placings rose by 5.7 per cent to 115.8 million chicks; turkey chick placings rose by 2.6 per cent to 1.2 million chicks; turkey slaughterings fell by 1 per cent to 800,000 birds; broiler slaughterings rose by 1 per cent to 102.3 million birds; and total poultry meat production fell by 15 per cent to 164,700 tonnes.

## **VIII Inputs/Supply businesses**

- 1 BASF has warned that bean herbicide Bentazone risks being deregulated when its use is reviewed in 2025 if the levels detected in watercourses are not reduced.
- 2 The Chemicals Regulation Directorate has refused emergency authorisation for the use of Vydate 10G in carrots, parsnips, onions and potatoes.
- 3 Following the loss of desmedipham, Bayer has introduced Betanal Tandem, a post-emergence herbicide for use in sugar beet, fodder beet and mangels.
- 4 The Agricultural Price Index for December shows increases of 1.6 per cent for energy and lubricants, compared to November, 2.1 per cent for fertilizers, 0.3 per cent for animal feedingstuffs and 1 per cent for building maintenance but a fall of 0.6 per cent for vehicle maintenance. Compared to a year earlier, there were increases of 1.4 per cent for seeds, 11.5 per cent for chemicals, 0.6 per cent for veterinary services, 14.9 per cent for animal feedingstuffs, 3.4 per cent for vehicle maintenance and 5.1 per cent for building maintenance but falls of 12.6 per cent for energy and lubricants and 6.4 per cent for fertilizers.
- 5 An Extension of Authorisation for Minor Use has been granted for the use of Velum Prime in the control of free-living nematodes in parsnips.

## **IX Marketing**

- 1 In the year to November 2020, the UK's trade deficit in food rose by 7.5 per cent to £26.241 billions.
- 2 In December 2020, UK shoppers spent £11.7 billions on groceries, a new record, with 15 million people shopping on 21 December. Online grocery sales grew from 7.4 per cent in 2019 to 12.6 per cent. Annualised grocery sales in the 12 weeks to 27 December rose 11.1 per cent at Tesco, 10.7 per cent at Sainsbury's, 7.8 per cent at Asda, 13.1 per cent at Morrisons, 6.3 per cent at Aldi, 9.8 per cent at Co-op, 15.2 per cent at Lidl, 11.7 per cent at Waitrose, 20.8 per cent at Iceland and 36.5 per cent at Ocado.
- 3 In partnership with the NFU, the Food and Drink Federation and AHDB, the Government has launched the 'Open Doors' campaign encouraging farmers to take up export opportunities.
- 4 Exports of dairy products in 2020 fell by 10 per cent to 1.32 million tonnes with powders and concentrates down 17 per cent and cheese down 7 per cent. Imports fell by 6 per cent to 1.29 million tonnes with whey products down 31 per cent and cheese and curd down 8 per cent.

- 5 Kantar has reported that food and drink sales, excluding alcohol, in the 4 weeks to 27 December, grew by £912 millions but the fall in the out of home market was £1.4 billions. Dairy spend grew by 14.1 per cent with milk up 9 per cent, cheese up 16.7 per cent, butter up 14 per cent, cream up 13.9 per cent and yoghurt up 18.9 per cent. The fastest growing cheeses were halloumi, up 62 per cent, and mozzarella, up 51 per cent. In the meat sector, roasting pork was up by 25 per cent, gammon by 3 per cent, roasting beef by 18 per cent, roasting lamb by 2 per cent and whole chicken by 7 per cent but whole/crown turkey and whole fish both fell by 4 per cent.
- 6 Exports of sheep meat rose by 12 per cent in December, compared to a year earlier, to 10,000 tonnes, the highest monthly amount since 2017, but, for the year as a whole, fell by 7 per cent to 88,200 tonnes.
- 7 Sheep meat exports to the UK in 2020 from New Zealand rose by 4 per cent to 39,900 tonnes but were still well below the 5-year average. The UK accounted for 10 per cent of New Zealand exports compared to the 5-year average of 14 per cent.
- 8 Imports of pigmeat grew by 4 per cent in December compared to a year earlier but overall they fell 9 per cent in the year. Exports rose by 30 per cent in December and finished the year 6 per cent up on 2019.
- 9 US pig meat and offal exports increased by 11 per cent in 2020 to 3.08m tonnes. China accounted for 31 per cent of the total. Canada increased exports by 20 per cent with China again taking the largest share at 43 per cent.

## **X Miscellaneous**

- 1 A survey by the Farm Safety Foundation of 450 farmers under the age of 40 has revealed that 88 per cent of those surveyed believe mental health is the biggest problem faced by farmers today. The Office of National Statistics and National Records Scotland have reported that, in Great Britain in 2019, 133 people working in farming and agricultural trades committed suicide compared with 20 who lost their lives in farm-related incidents.
- 2 The Ready to Burn certification scheme is now in force but compliance is delayed until 1 May 2022 if sales of wood are less than 600 cubic metres. The scheme applies to firewood in single retail bags and firewood in loose volumes of less than 2 cubic metres, whether sold as wood or wood briquettes. Sales are only allowed if the wood has a moisture content of 20 per cent or less. Suppliers must complete a certification process.
- 3 The NFU has reported that a surge in pet ownership and countryside visitors has resulted in a 10 per cent increase, to £1.3 millions, in the cost of dog attacks on livestock.
- 4 A survey has concluded that only 58 per cent of Scottish farms have a reliable internet connection.

## Postscripts

### How do Court Recorders keep straight faces?

These are from a book called Disorder in the American Courts and are things people actually said in court, word for word, taken down and published by court reporters that had the torment of staying calm while the exchanges were taking place.

Attorney: What was the first thing your husband said to you that morning?

Witness: He said, 'Where am I, Cathy?

Attorney: And why did that upset you?

Witness: My name is Susan!

Attorney: What gear were you in at the moment of impact?

Witness: Gucci sweats and Reeboks

Attorney: Are you sexually active?

Witness: No, I just lie there.

Attorney: What is your date of birth?

Witness: July 18<sup>th</sup>.

Attorney: What year?

Witness: Every year.

Attorney: How old is your son, the one living with you?

Witness: Thirty-eight or thirty-five, I can't remember which?

Attorney: How long has he lived with you?

Witness: Forty-five years.

Attorney: This myasthenia gravis, does it affect your memory at all?

Witness: Yes.

Attorney: And in what ways does it affect your memory?

Witness: I forget.

Attorney: You forget? Can you give us an example of something you forgot?

Attorney: Now doctor, isn't it true that when a person dies in his sleep, he doesn't know about it until the next morning?

Witness: Did you actually pass the bar exam?

Attorney: The youngest son, the 20-year-old, how old is he?

Witness: He's 20, much like your IQ.

Attorney: Were you present when your picture was taken?

Witness: Are you serious?

Attorney: So the date of conception (of the baby) was August 8<sup>th</sup>?

Witness: Yes

Attorney: And what were you doing at that time?

Witness: Getting laid.

# Monthly Farming Update

## You'll just have to wait!

By the time this month's MFU lands on your doormat or hits your inbox, the Chancellor will have put his papers into his red box and will be preparing to stand at the despatch box. It is fair to say this Spring Budget has more intrigue than most in recent years. The Budget following the 2019 general election was full of optimism, this year's Budget is likely to be full of uncertainty.

However, there is to be one change to historic budget policy. The Chancellor's Budget speech may make the headlines but the devil is always in the detail. That will still be the case but Wednesday's Budget will be missing one important element – what is on the horizon?

While the Budget will focus on matters which will be introduced almost immediately, three weeks later the Treasury will present a Command Paper, 'Tax policies and consultations'. This document will set out announcements and consultations relating to tax policy which may result in further measures being introduced in an Autumn Budget.

So if you get off lightly on 3 March you may find there is a sting in the Chancellor's tail!

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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If you would like to add a friend or colleague's name to the mailing list please contact Lindsay Glead

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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