Farm Facts

Robin Turney Ltd

RURAL BUSINESS CONSULTANTS

August 2014

August 2014 Grain Market Overview – Ex Farm Prices (£/t)

	Fd Wheat	Class 1	Class 2	Fd Barley	OSR	Mill Oats	Beans
Harvest '14	105-108	Prem £30	Prem £25	100	241	101	170
O/N/D '14	117			105	243	103	175
A/M/J '15	120-123			110	247		188
Harvest '15	127			115	248		
O/N/D '15	133			120	256		
O/N/D '16	140						

Wheat

LIFFE off £3/t and CBOT off £5/t, in the main due to the release of the USDA World Agricultural Supply Demand Estimate (WASDE) report coupled with high volumes currently in the system. Spot feed wheat is £108/t ex-farm for August, with £8/t carry to November.

In terms of futures, rallies in US wheat markets not expected due to an upward revision of global wheat stocks. Many farmers are holding onto stock due to low prices and with the price of sterling depressing export volumes, trade is limited.

European export volumes estimated by the WASDE report for the 14/15 season fell according to milling quality concerns with much of French tonnage not reaching spec and more recently heavy rain across parts of the UK reducing the quality of Northern crops. For many in the South and Midlands wheat harvest has been completed, with attention now turning to OSR drilling.

Milling premiums remain strong at £30/t for full spec and also good fall back prices down to 11.5% protein and 150 hagberg, so group 2 premiums also strong. High volumes of German milling spec around so no significant rallies expected in the short term.

Feed Barley

Feed barley up £5/t, at £100/t spot ex-farm; however worthwhile selling forward and storing as £7/t carry to November. Prices are rising to encourage sales.

Malting Barley

Winter malting barley off £2/t currently at £110/t for harvest, plus £10/t carry to November. Maltsters want supply and some merchants short so rising prices. Springs at £120/t for harvest with £10/t carry to November. Carry is likely to fall due to large domestic crop and week exports. 1.5 MT UK surplus is expected so exports needed. 1.6N+ samples are in demand from Germany.

Oilseeds

UK up £7/t at £241/t spot ex farm, but the carry has fallen away to £243/t for November. Lack of farmer selling has prompted market rise. If you are looking to sell to raise cash, then consider hedging with a May 2015 option as currently the cost is around £15/t, which will keep you in the market if a rally occurs.

Beans

Animal feed beans currently trading at £170-£175/t.

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Potatoes

August sees the switch between old and new crop with last reported average and free buy prices poor at £146/t and £109/t respectively. Movement currently concerning for salad varieties and early main crop. The average price for 2014 crop first quoted at the end of July as £161/tonne and the free buy £30 behind. 2014 growing conditions remain good although high summer temperatures are leading to wilting and increased disease susceptibility.

Beef

The average steer price closed the month 2p/kg higher at a position of 177p/kg, 28p/kg less than last year. The average heifer price closed 1p/kg higher at 190p/kg lw, 22p/kg less than July 2013.

Lamb

Increases in general temperatures have resulted in the usual drop in demand for lamb coupled with plentiful lamb supply reducing prices by 20%. The starting position of 212p/kg lw fell by 44p/kg giving a closing average of 168p/kg lw; 16p/kg below last year.

Pig

Pig prices fell significantly due to below expectation levels of demand. An opening position of 163.7p/kg lw fell closing the month at 160.9p/kg lw, 7.4p/kg below the corresponding period in 2013.

Dairy

Average dairy cow prices predominantly weaker opening at £1,574 per head and closing at £1,318. UK milk production in July was 1.23 million litres compared to 1.14 million litres in July 2013.

The UK average milk price for June 2014 decreased by 0.29ppl reducing the price to 31.98ppl for July 2014, 1.26ppl above the same period in 2013. This places the UK 0.60ppl above the EU28 weighted average. Milk quota clean, 4% butterfat is trading at 0.19ppl, 0.05ppl below the previous month.

CAP Reform – August update

The new Basic Payment Scheme starts on 1st Jan 2015 with ‘Greening’ being a very important part of the scheme. Around 30% of a BPS payment will be reliant on complying with the ‘Greening’ rules. Three standard greening measures that need to be complied with;

1. Ecological Focus Areas (EFAs)
2. Crop diversification
3. Retention of Permanent Pasture

Within ‘Greening’ there will be three basic types of land;

1. Permanent Pasture
2. Permanent Crops
3. Arable Land

Arable Land being the most important part of ‘Greening’. All three categories added together will comprise the Claimants ***Eligible Agricultural Land***.

Permanent Pasture **–** any land that has been in grass for 5 years or more, the 6th time a field is entered on a claim form it will automatically become Permanent pasture.

Permanent Crops **–** any land in crops that are in place for five years or more, without replanting.

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Arable Land – is any land not in permanent crops or pasture, including fallow land and temporary grass. Greening will be a yearly test, as cropping changes the areas of each land type year after year. A claimant's greening requirements could change for different years of the BPS.

For advice on rotation planning and meeting the new Greening rules, please contact Robin Turney.

Other News

Belipi feed wheat with a sowing window of mid-October to April has been released by Blackman Agriculture. It is very vigorous in the spring and is OWBM resistant along with good septoria tritici and mildew resistance.

Monsanto has released a new Vistive OSR variety with a claimed yield potential of that of Incentive.

The 2015/16 sugar beet price has been agreed between the NFU and British Sugar, finalised at £24/t. this being a reduction on last year due a general fall in commodity price and very high sugar stock.

A study by Warwick University has found that culling badgers will have little effect on the spread of bovine TB with the main cause of infection being flawed TB tests failing to pick up infection and animal movement.

Syngenta has withdrawn an application for emergency use of Cruiser seed treatment, meanwhile Bayer are waiting for a decision on Autumn use of Biscaya which is currently permitted for use in the spring only.

Changes to the Red Tractor Assurance Scheme now mean only one annual risk assessment need be carried out per farm along with other changes for in relation to each individual sector.

Grant Funding

New Rural Development Programme

Beginning on January 1st 2015, the new programme will cover three main areas of support:

- Managing the environment
- Increasing farming and forestry productivity
- Growing the local economy

Managing the Environment

£3.1 billion will be available through Natural England to improve the rural environment and new funding will be available to support biodiversity, water quality, landscape, the historic environment and access to the countryside.

There will also be a new environmental land management scheme (NELMS); however this will not be a broad and shallow scheme like ELS, but will be designed for priority features and landscapes and therefore not open to everyone.

The new scheme will offer:-

- Site specific agreements similar to the current Higher Level Stewardship (HLS)
- Area specific agreements aimed at targeted improvements in the wider countryside.
- Multi annual agreements, normally for 5 years.
- A choice of management options, capital items and advisory support (depending on the type of agreement)
- Annual small scale grants for certain activities, such as hedge laying, coppicing, gapping up and stone wall restoration.

More details of the scheme will be available throughout 2014 and applications may be submitted in 2015 to commence in 2016.

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Grants for Increasing Productivity on Farm

£140 million will be available to support faming and forestry businesses through DEFRA and as with the previous schemes farmers and foresters will have to bid for a share of the funding to:-

- Invest in new and innovative technology
- Invest in the latest research and development
- Improve skills and training
- Nutrient efficiency and precision farming
- Water resource efficiency

We believe the scheme will focus on increasing agricultural, horticultural and forestry output and capacity and creating and securing employment in the sector. The scheme will follow on from the Rural Economy Grant and will fund investment such as;

- Central storage and packing facilities for fruit, vegetables, combinable crops and livestock.
- Water storage reservoirs and irrigation infrastructure.
- Resource efficiency equipment
- Processing equipment that adds value and creates new outlets.
- Vocational and advanced training

Grants for Growing the Rural Economy

Local Enterprise Partnerships (LEP's) and LEADER Local Action Groups (LAG's) are being allocated over £315 million to invest in "Growing the Rural Economy and Communities". Funding will be available to start or expand a business through a range of different funding opportunities.

Local Enterprise Partnerships will have £177 million to spend on rural priorities and each LEP will decide on how much will be spent in each area, including;

- Developing business knowledge and skills
- Supporting small, farm and micro businesses
- Invest in Broadband and renewable energy
- Promoting rural tourism

We expect the LEP's to engage with the farming community in bringing applications forward; however the LEP budget will also be open to applications from the manufacturing, IT, and a wide range of other sectors; therefore it is important that we engage as an industry with the LEP's and come forward with project proposals as soon as possible.

We expect LEP's to consider larger infrastructure projects which will create and secure employment and deliver economic growth to the LEP's region.

Through the LEADER approach the Local Action Groups will have around £138 million available to spend in rural areas on the rural economy, communities and creating jobs. Funding will be available to farmers, foresters, local businesses and rural communities. Grants under LEADER will be capped at £50,000. We expect funding to be available for;

- Adding value to agricultural products
- Farm Diversification and Innovation
- Tourism

<u>Please call us if you have a project planned over the next 12 months so that we can assess its potential for applying for funding.</u>

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August Input Pricing

Product	Price
Red Diesel	59p/l
White Diesel	
UK 35.5% AN	£253/t
Pulan 34% AN	£235/t
Granular Urea 46%	£278/t
TSP	£289/t
MOP	£266/t
DAP	£355/t
33.5N 30SO3	£258/t
Am-Sol (2-5mm)	£194/t

Currency and Oil

£:$, down, 1.67 (60p)

£: Euro, up 1.25 (80p)

Brent Crude Oil down - $102.5 barrel

Hay and Straw

Big Bale Hay - £50/tonne

Big Bale Barley Straw - £45/tonne

Big Bale Wheat Straw - £35/tonne

Our Services

- Farm Business Appraisals
- Budgeting and Cash Flow Planning
- Contract Farming Agreements
- Farm Business Tenancies
- Grazing Licences
- Landlord and Tenant Matters
- Single Payment Scheme Administration
- Cross Compliance Administration
- Planning Applications
- Project Management
- Producer Organisation Management
- Grant applications
- Environmental Scheme Administration

If you seek advice on any of the above matters, please contact us on 01789 488041.

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