

# Farm

Robin Turney Ltd

RURAL BUSINESS CONSULTANTS

# Facts

## August 2015

### August 2015 Grain Market Overview – Ex Farm Prices (£/t)

	Fd Wheat	Class 1	Class 2	Fd Barley	OSR	Mill Oats	Beans
Harvest 15	109	Fd + £18-21	Fd + £15-18	100	250	103	145-150
O/N/D 15	113			105	258		
A/M/J 16	120			110	264		
Harvest 16	119			100	235		
O/N/D/ 16	124			105	245		
Nov 17	125			107			

### Wheat

LIFFE off £1.5/t, MATIF up £2/t and CBOT up £2/t over the last week. Harvest wheat at £109/t ex-farm and £113/t ex-farm now available for November, but this is attracting very little interest. Harvest fundamentals are putting pressure on the feed market as plenty of supply and samples suggest good new crop yield. The strength of sterling continues to weaken the export market as UK wheat is £5-7/t more expensive than EU.

Premiums for group 1 remain at £20-£22/t; however a limited volume of new crop milling wheat has been harvested, but early samples of Gallant and Skyfall look good. Cordial premium is up £5/t at £18/t. A good French and German milling wheat crop has resulted in premiums being capped so far.

### Feed Barley

Off £6/t this week at £96/t ex-farm for harvest, due to large barley crop and generally excellent yields from varieties such as Tower and Volume. The export campaign is underway, but the exporters are waiting for boats. The carry is £5/t to November, so could be worth storing. This will be a record UK barley crop.

### Malting Barley

Winter varieties, off £2/t at £112/t for September, plus £4/t carry to November. It could be worth waiting for the harvest lull to clear to achieve better prices.

Spring varieties off £2/t to £120/t ex-farm for September, plus £4/t to November. No farmer selling at these prices and still plenty of crops to be harvested in Scotland and overseas.

### Oilseeds

UK unchanged this week at £246/t ex-farm for harvest. Increased selling this week as farmers selling for space and cashflow ahead of wheat harvest. £8/t carry to November, does generate a margin after storage. OSR crops generally yielding 5-10% better than expected with national average of 3.5t/ha thought to be exceeded.

### Beans

Feed bean prices down at £132/t ex-farm, with little carry. Yields have to be good to break even at these prices. Growing pulses on the free market is not advisable in the current climate.

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of the month and 22p/kg below the closing average a year earlier).

### Potatoes

The average potato price improved until the remaining 2014 crop tonnages became all but exhausted and weekly moved tonnage ceased to be a large enough to quote a realistic price. The GB average price gained £20/t to peak at £173/tonne mid-July, whilst the free-buy average showed similar improvement; gaining £23/t over an opening position of £12/tonne to a mid-July average of £144/t. 2015 harvest main crop development is good but remains a week (two in the south) behind expected progress, due to the cool start to the growing season.

Variety	Price/tonne	Prices ↑ / ↓ / -
Maris Piper (Grade 1)	£190 - £300	↑
Estima (Grade 1)	£120 - £190	↓

### Beef

Cattle prices improved in the early part of the month, but dropped back slightly further in the latter half. The average steer price, from its opening position of 188p/kg lw, peaked at 192p/kg before eventually closing at 186p/kg lw (a reduction of 2p/kg overall which left the average 9p/kg above the comparative from a year earlier).

The average heifer price was more volatile in the first half of the month; dropping back 5p/kg before gaining 7p/kg in the following week. The latter part of the month saw the average drop back 3p in total to close a 198p/kg lw (7p/kg above the price earlier).

### Lamb

The average finished lamb price (SQQ), in line with the seasonal trend demonstrated the year before, dropped further still in the early part of the month to 157p/kg lw. The minor recovery to 162p/kg was short-lived and the average price eventually dropped to a closing position of 145p/kg (30p down over the course

### Pig

The average all pig price (APP) has continued the improving trend set at the end of June but only a small degree and with a small falter mid-month. From an opening position of 136.9p/kg dw, the average eventually closed 0.4p/kg up at 137.3p/kg; 23.6p/kg below the prior year DAPP comparative.

### Dairy

The average dairy cow price, with the exception of a short period above £1,300 per head remained relatively low; closing the month at £1,030 (£1,318 a year earlier).

The average milk price for May (published in early July) was, for the fourth month in a row, lower than the preceding month. The May average was 0.53ppl (2 per cent) lower at 24.06ppl; 8.18ppl below the average price a year earlier (32.24ppl). The UK gained a position in the EU28 rankings (to 8<sup>th</sup> place) with an average price 6% above the EU28 average of 22.69ppl.

### Fresh Produce

What is claimed to be the UK's first fully automated glasshouse herb-growing facility has been opened by the Langmead Group in West Sussex.

Andrew Stocker, a farm manager on the Blackmoor Estate in Liss, Hampshire, has been sentenced to two and a half years imprisonment following the deaths of two workers who retrieved prize apples from a cold store where the oxygen level was only 1%. The Estate was fined £75,000.

The latest Farm Business Survey covering the horticulture sector has been published by the University of Reading. It shows output at £3 billion, 12 per cent of all agricultural output.

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New Zealand apple production is forecast to reach 551,000 tonnes in 2015, the highest ever.



### Industry News

The Rural Payments Agency has reported that most farmers will receive Basic Farm Payments in December "with the vast majority paid by the end of January". It has rejected plans for partial payments because of the risk of "millions of pounds in disallowance fines".

DEFRA has agreed to fund badger vaccination projects undertaken by Wirral and Cheshire Badger Group for a campaign near the Adlington Estate in Cheshire; Berkshire Buckinghamshire and Oxfordshire Wildlife Trust in West Berkshire; Derbyshire Wildlife Trust in the Peak District; Nottinghamshire Wildlife Trust near Nottingham; West Cheshire Estates in Cheshire and the University of Oxford in the Wytham Estates area.

The latest Rabobank dairy quarterly report has suggested the dairy industry is still "producing more milk than the market currently needs." It states that the rally in international dairy prices in the first quarter of 2015 were reversed in the second quarter, prices have fallen 20-30 per cent in the 3 months to mid-June. Prices are expected to recover late this year as a period of slow production growth coincides with the stabilisation of Chinese imports and improved consumer demand.

Figures from Kantar Worldpanel in the 12 weeks to 24 May report overall sales up by 0.2 per cent on the same period in 2014. Sales at Morrison rose by 0.1 per cent while sales at Tesco, Sainsbury's and Asda all fell. Lidl increased its market share from 3.6 per cent to 3.9 per cent while Aldi's market share rose to 5.4 per cent.

The Summer Budget has proposed that the National Living Wage will be compulsory with effect from April 2016 starting at £7.20 per hour rising to £9 per hour by 2020.

Members of Dairy Crest have overwhelmingly approved plans to become a dairy producer organisation.

Muller has reduced its price by 1ppl to 23.15ppl.

China is to construct a 100,000 cow dairy unit to supply milk to Russia.

Moy Park, the country's second largest poultry producer, is to be sold to Brazilian meat packer JBS, the world's largest meat packing business.

DEFRA has agreed to allow the use of Bayer's Modesto and Syngenta's Cruiser neonicotinoid seed treatments over an area of 75,000 acres in Suffolk, Cambridgeshire, Bedfordshire and Hertfordshire, where the threat of cabbage stem flea beetle is at its greatest but Friends of the Earth is threatening to mount a legal challenge.

The Government has announced plans to create more than £7 billion of new food and drink exports to countries such as India, China and Brazil including use of the "GREAT" brand.

The current rate of Corporation Tax is 20%. This will fall to 19% for accounting periods commencing on 1<sup>st</sup> April 2017 and will fall further to 18% for accounting periods commencing on 1<sup>st</sup> April 2020.

Expenditure qualifying for the Annual Investment Allowance is currently limited to £500,000. The limit

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will be reduced to £200,000 per year with effect from 1<sup>st</sup> January 2016.

### Currency and Oil

£:\$, u/c 1.562 (64.10p)

£: Euro, u/c 1.43 (70.00p)

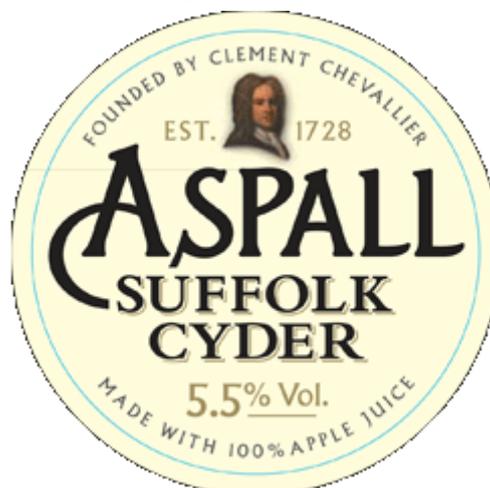
Brent Crude Oil off - \$50.50 barrel

### August Input Pricing

Product	Price
Red Diesel	40p/ltr
White Diesel	112p/ltr
UK 34.5% AN	£235/t
Granular Urea 46%	£232/t
TSP	£293/t
MOP	£258/t
DAP	£386/t
26N 37SO3	£217/t
0/26/26	£272/t
20:10:10	£271/t
Imported AN	£217/t

### Grant Funding

In July Robin Turney Limited successfully obtained a £150,000 grant for Aspoll Cyder Limited in Suffolk for a new high capacity apple press, which will improve the productivity and efficiency of the premium drinks manufacturers' apple juice and cider production. The grant was awarded under the SME Growth Fund of the Eastern Agri-Tech Growth initiative.



The project will create employment and enable the business to meet the increasing demand for its juice and cyder. We wish Des Smith and his team every success with the project.

Robin Turney Limited submitted a large number of Countryside Productivity Scheme and Local Enterprise Partnership (LEP) Growth Programme grants in June and our clients are now receiving invitations to submit full applications. A number of LEPs are proposing to launch a Food Processing grant in the January 2016, which will help fund packhouse related projects.

DEFRA continues to roll out the £24 million Growth Programme through the LEPs, making grants available for helping to create or expand rural businesses; developing new food processing facilities; and promoting tourism. These applications are LEP area specific and depend on the priorities for each region. For more information on funding in your LEP area please get in touch.

LEADER groups are hoping to launch their funding programmes in September 2015, following delays imposed by DEFRA. The LEADER grants will generally support rural projects that help create employment and encourage economic growth in rural areas. Grants will be available up to £50,000.

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### Our Services

- Farm Business Appraisals
- Budgeting and Cash Flow Planning
- Contract Farming Agreements
- Farm Business Tenancies
- Grazing Licences
- Landlord and Tenant Matters
- Single/Basic 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.

If you would like more information on grant funding opportunities, please call Robin Turney on 01789 488041.



### Policy Issues

Defra has been asked by the Treasury to draw up plans to reduce its annual budget by between 25 and 40%. This follows a cut of £83 million for 2015/2016.

Defra Secretary, Liz Truss, has called upon the European Commission to overhaul greening requirements, including scraping the "three crop rule"; to allow each country to adopt EU guidance which better reflects national circumstances; to allow new forms of evidence such as geo-tagged photography and satellite imagery to check farmers are meeting requirements; to reduce the number of inspections; to refresh the EU fruit and vegetable scheme.

Applications for the Countryside Stewardship Scheme opened on 1<sup>st</sup> July and will close on 30<sup>th</sup> September but Defra has not yet decided on whether claims to CSS and the Basic Payment Scheme can be on the same land.

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