

# LKL Newsletter

## May 2018



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### ARLA STAND ON PRICE BUT CUT ORGANIC PRICE 1 EUROCENT

Arla have left conventional prices at 26.4 and 27.4 for liquid and manufacturing respectively. They cut organic 0.9ppl to 40.4 and 42ppl, on the continent they cut the organic price by 1.8ppl perhaps indicating a weaker organic market in the EU.

### AMPE AND MCVE IMPROVING

The rising value of butter during April has driven AMPE up 2.2p to 28.9ppl whilst MCVE stands at 31.3ppl.

### FIRST MILK PUT SCOTTISH ASSETS UP FOR SALE

First Milk announced that it wants to sell its Arran and Campbeltown creameries and Isle of Arran and Mull of Kintyre brands.

Both make high quality cheese and will try to find buyers wanting milk fields and brands to invest in.

### 12.4BN LITRES, GB MILK PRODUCTION FOR 2017-2018 2ND BIGGEST EVER

Milk production increased 2.8% to 12,402m litres in the year to 31 March. The second highest level since the 1980s. Britain produced 349m more litres of milk compared with 2016-17. Cold weather helped to hold EU dairy wholesale markets firm with butter seeing an increase of 6.5% to €4,816/(£4,193/t). Strong global demand continued to incentivise higher US milk production, resulting in a 12.7% increase in dairy export volumes to 366,071t.



### ASDA BUYING SAINSBURYS?!

As we go to press there is speculation that Asda, owned by US giant Walmart, are going to buy Sainsbury's subject to regulatory approval, which must be a considerable question mark. Farmer suppliers of Sainsbury's will be nervous of the outcome and any effect on their supply contracts, but little more is known thus far. Sainsbury's currently pays for milk on a cost of production type contract which is greatly valued by its suppliers.

### Sainsbury's

### MILK PRICE FALLS

Muller/Coop - down 0.88p to 28p.

South Caernarfon Creameries - down 1.5p to 27.5ppl manufacturing and 26.6ppl liquid.

Crediton - down 1p to 27p.

Tomlinsons - down 1.5p to 26p.

### WAITROSE DOWN 0.6PPL TO 30.94PPL

Waitrose producers have followed a wider Muller drop and are down 0.6ppl. This places them a shade over 1ppl better than a Tesco supplier with more hoops to jump through!



### TESCO UP 0.32PPL TO 29.8PPL

Tesco's cost of production tracker review has raised prices by 0.3ppl to just under 30p.

### LKL OPEN DAYS

Advance warning, your invitations will follow shortly.

#### Tuesday 12 June

D W Heard & Partners, Devon



#### Thursday 14 June

Plumpton College, Sussex

#### Thursday 21 June

Neston Home Farm Partnership, Chippenham, Wiltshire

### Mc GRANTS

McDonald's is giving farmers who supply Arla grants of up to £10,000 each and £500,000 in total, to fund innovation in animal welfare on their farms.



### GDT UP 2.7% ON 17 APRIL AUCTION

At last markets turned upwards with rises for all commodities, the first rise in GDT auction values since early February.

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## **NEWS**

### **UK HAS BIGGEST RECENT INVESTMENTS IN DAIRY PROCESSING IN THE EU**

AHDB has analysed investment in dairy processing capacity across the EU. Since quotas ended the UK leads the league table with investments of over £500m. Ireland leads on a per litre basis with close to £400m invested in a much smaller industry, albeit one going through massive growth (29% since 2014). In terms of investment per litre relative to the size of the industry the UK is runner up to Ireland, followed by Denmark. UK investment has been driven by Arla and Muller and includes plants dedicated to displacing imports of cheese, yogurt and butter. The UK is currently only 77% self sufficient in dairy products overall.

### **DAIRY CREST UNDER £5**

Shares in Dairy Crest slipped after the FTSE 250 company's debts have risen by about £100m over the past 4 years. Forecasting net debt at £245m at the end of the year, analysts at the broker raised concern over Dairy Crest's ability to generate cash and increase their dividend. Dairy Crest shares have fallen 15% to under £5.



### **BENCHMARKING WATER USE**

Five years of water consumption data from 53 dairy companies, which included dairy farms and processors, revealed significant differences and in the volume of water used inefficiencies. Water and wastewater bills could be reduced by 30% by adoption of best practice.

### **PROPOSALS TO BAN LIVE EXPORTS**

The UK government issued a "call for evidence" as it seeks to further improve animal welfare during transport and deliver its manifesto commitment "to control the export of live farm animals for slaughter". The Defra press statement includes a quote for the British Veterinary Association stating that animals should be "transported on the hook, not on the hoof". Under Brexit negotiations, if we end up paying 50% import tariffs on meat destined for Europe, killing off the tariff-free live export trade would be expensive. Many potential markets for UK livestock are just a few hours away on the continent. Some animals face longer journeys to slaughter. In uncertain times, all market options should be kept open. As long as rules around transport remain appropriate and proportionate, to ban live exports is potentially damaging.

### **WYKE SEEKS MORE PRODUCERS**

Wyke is recruiting new producers to add 25m litres of direct milk supply within a 50-mile radius of its Bruton dairy, covering Gloucestershire, Somerset, Wiltshire, Devon and Dorset. Wyke Farms cited expanding international exports as the reason behind production growth of cheese.



### **THE FUTURE ACCORDING TO MR GOVE**

Michael Gove has made it clear that we should expect the same Basic Payment Scheme in 2019 and 2020. For 2021 and beyond, we will see progressive reductions in BPS payments, starting with capping of the largest payments. Money saved will go towards enhanced agri-environment schemes and improving productivity. From the middle of the next decade we will see a new scheme firmly based around the public payments for public goods. Mr Gove said that it goes beyond the environment, including animal welfare, sustaining rural skills, public access, maintaining upland landscapes and upland communities and assisting with retirement and new entrants. On trade, he is less inclined to be protectionist, challenging farming leaders not to argue for protectionism but to engage positively with the opportunities.

### **BBC PRESENTER OFFERS YET MORE OPINIONS**

Chris Packham has called for intensively farmed products to be labelled with pictures in a similar way to cigarette packaging. Mr Packham claimed animals reared in 'intensive' systems should be visibly exposed to help consumers make a more informed choice. Mr Packham has offered his opinions on a number of issues including badger culls and is no stranger to controversy.



### NEWS

#### NEW SEXED SEMEN JUMP IN CONCEPTION RATES

Cogent has launched SexedULTRA4M; it includes twice as many female sperm cells per straw than any other sexed straw showing conception rates approaching those achieved using conventional semen. German trials carried out provided compelling evidence that increasing the dose rate from two to four million sperm cells lifts conception rates. The 56 day non-return rate on heifers in the trial increased to over 66% with SexedULTRA4M, up from 60% using sexed semen, filled at two million sperms per straw.

#### NATURAL TB RESISTANCE

AHDB and Scotland's Rural College (SRUC) will join forces to help farmers make informed decisions about which cattle they choose to breed, depending on their resistance to bovine TB. The aim is to develop a national database of genetic evaluations and a new start-of-the-art genomic prediction tool. Innovate UK has granted AHDB and CIEL £360,000, which will enable them to genotype about 12,000 cattle. The second project, being co-funded with Defra, will focus on beef cattle.



#### LABOUR CONCERNS DISMISSED BY IMMIGRATION MINISTER

MPs were infuriated after Immigration Minister Caroline Nokes dismissed their concerns about the shortage of agricultural labour. Her answers to the committee disappointed the chairman, Neil Parish, who accused her of 'fiddling while Rome burns'. Ms Nokes refused to give a date for an announcement on a new Seasonal Agricultural Workers' Scheme. Ms Nokes made clear she would be waiting for the full Migration Advisory Committee report, due this September, before making any policy decisions.

#### SMP RELEASE CRITISED

The European Milk Board (EMB) has criticised the EU for its handling of intervention stocks of SMP and reiterated its call for a new volume reduction programme.

#### HSE WARNING AFTER TWO DEATHS IN CATTLE-RELATED INCIDENTS

Two farmers died as a result of incidents with cattle. A man in his 60s was killed by a newly-calved cow on a farm in County Galway, Ireland. A man in his 70s was severely injured following a bull attack at Mohill Livestock Mart.

#### BIOETHANOL PLANT REOPENS

Vivergo fuels has reopened near Hull. The plant runs on UK wheat. The resumption of production follows the passing of the Renewable Transport Fuel Obligation (RTFO) through Parliament in March and increases the use of renewable fuels in transport from 4.75% to a target of 9.75% by 2020. Vivergo's £350m plant was based on the UK government's commitment to the Renewable Energy Directive and produces valuable feed by products for the UK livestock sector.

#### HIGH TECH WATER TROUGH

A water trough that collects images of beef cattle could help predict the best time to send animals to market. Scientists at SRUC are developing a precision farming tool which uses  video imaging technology to track the growth of beef cattle and predict the carcass characteristics of live animals which can then be analysed and used to predict exactly when animals should be sent to market. This system can provide accurate weights for individual animals on a daily basis without the need for manual handling.

#### NEWLY DISCOVERED RUMEN MICROBES

Scientists have discovered microbes in rumens that may improve nutritional efficiency. It also identified new enzymes. The study sampled rumen contents of 43 cows and identified 913 strains of microbes. If we can improve the efficiency of digestion in cows and other ruminants, we produce more food for people whilst using fewer resources.

## PEOPLE CELEBRATING SPECIAL BIRTHDAYS!

Ian White, Wlodzimierz Wardega, Charlotte O'Regan, Ed Murray, Andrew Barclay, Constantin Bularca



## WELCOME TO:

### FARMERS

R J Mason Ltd, R Swift & Sons, Ewen Bruce & Partners



We are shocked and very sad to report the premature death of our LKL sub-contractor Stuart Gilliland on Friday 27 April. Stuart was only 56 years old and died of natural causes very unexpectedly. He had been herd manager at DGH Cannon for 5½ years and we send our sincere condolences to his family and friends.



LKL's George Gordon (right) receiving an award for charity work at the Wiltshire Life Awards. George has organised the Burbage Christmas tree sale and market for 11 years and it raises up to £20,000 per annum for local charities.

Mother: "How was school today, Patrick?"

Patrick: "It was really great mum! Today we made explosives!"

Mother: "Ooh, they do very fancy stuff with you these days. And what will you do at school tomorrow?"

Patrick: "What school?"

"You know how it is in life. One door closes - that means another d o o r opens.."

"Yeah, very nice, but you either fix that or I'm expecting a serious discount on that car!"



The shameful legacy of TV's Bullseye continues to blight our UK streets.



The dog who photo bombed the family's self-timer photo!



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Patient: Oh doctor, I'm just so nervous. This is my first operation.

Doctor: Mine too.

