Farm Advisory Service

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News in brief

August 2020

For the general population, with their post lock-down haircuts and cravings for drive-through take-away food finally sated, life is slowly returning to some degree of normality, but for the majority of farmers and crofters gearing up for the autumn livestock sales, it is still a case of, to quote Star Trek, "It's life, Jim, but not as we know it". Although auction marts have been working hard to re-open safely, many key pedigree sales have already had to be cancelled as a consequence of the new Scottish Government Auction Market Guidelines. In addition to social distancing and face masks in enclosed spaces, only one seller per consignment can enter the mart premises to see their stock sold; all buyers must pre-register their planned attendance at any sale in compliance with the Test and Protect system and the number of buyers a sale can accept will depend on the size and layout of the sale rings.

While going into August, beef, sheep, and pig meat prices remain strong and harvest has gotten off to a good start, pestilence aside, final returns, as always, will depend on weather, supply and demand and positive marketing campaigns to the general public. With milk production falling for the third month, August production will be key to determining the milk profile and milk prices for the rest of the milk year.

With new Covid-19 hotspots in Europe creating uncertainty with regards foreign travel, roads are busy with UK tourists, but it remains to be seen if this will compensate for the dearth of foreign visitors. On the back of the 'new found' craze for cycling, as the UK government's focuses in on the health of the nation, it is crucial that the agricultural industry works together to positively promote all that is good about UK agriculture and UK food production.

Next month:

- Sector focus: Impact of Border Controls on Trade
- Management matters: Forage Legumes

Contents

This month's editor:
Christine Beaton

Basic Payment Scheme Loan

Linked to the uncertainty of Brexit and during Covid-19 and to help maintain cash flow for farmers and crofters, the Scottish Government are once again offering a loan through the National Basic Payment Support Scheme (NBPSS 2020).

The loan scheme will provide Scottish farmers and crofters with 95% of their 2020 CAP Basic Payment Scheme and Greening payments (up to the scheme maximum of £133,638). Loan offer letters will be sent to eligible farmers and crofters from the beginning of August, with the first payments due in September.

The NBPSS 2020 scheme is an 'opt in' scheme. Once letters are issued, those wishing to apply will therefore need to return the loan offer letter to the National Loans Team or, email NationalBPSScheme@gov.scot.

Question and answers about the scheme can be found on Rural Payments and Services here:

Future support

While exact details of future support schemes are still unknown, to date, the interim plans of the four devolved administrations are:

Scotland

The Scottish Government has introduced legislation which proposes to keep farm support broadly the same until 2024 i.e. during their transition period. However, within this period, they have proposed to make simplifications and improvements and are also considering introducing some Pilot schemes.

Measures and proposals for simplification and improvements are currently with Ministers for consideration, and officials are engaging further with them to progress this work. Hopefully, more details will be available by the autumn.

As required by EU rules, payments for the Less Favoured Area Support Scheme will be retained at 40% for 2020, with payment due early 2021. However, it is the Scottish Government's intention to use the second tranche of convergence money, due in March 2021, to top this payment up and support their ambition for Less Favoured Areas. For 2021, LFASS payments will continue to be paid in the same way.

England

From 2021, Basic Payment Scheme funding will be phased out over a seven-year transition period, with a reduction of 5% expected in 2021. The current system will be replaced by Environment Land Management (ELM) schemes, which will be available from 2024. Details of schemes from 2021 will be published by DEFRA in due course.

Wales

For the 2021 scheme year, the Basic Payment Scheme will continue unchanged. After 2021, in a multi-year transition, it will be replaced by a new Land Management Programme, whereby farmers will be paid to deliver environmental outcomes, such as reversing biodiversity decline, meeting carbon budgets and hitting clean air targets.

Northern Ireland

The current support system is expected to continue until 2022. After this time, it will be progressively phased out and replaced with environmental based land management schemes.

Greening

With August now upon us, thoughts will shortly be turning to winter cropping plans. For 2021, Crop Diversification ('three' crop rule) is a requirement that will need to be adhered to as well as the EFA requirements; these should be factored into future plans. Other than the re-introduction of Crop Diversification there are no changes expected to Greening for next year. For the remainder of this year, the EFA requirements are given below. Full details of Greening can be found here:

EFA green cover

Establish by 1st November and maintained until 31st December, inclusive.

EFA catch crops

Can be grazed after main crop has been harvested.

EFA nitrogen fixing crops

Aftermath can be grazed but livestock must be excluded from any EFA margins that are adjacent to watercourses.

EFA margins

Can be cut and if the margin is not adjacent to a watercourse they can be grazed.

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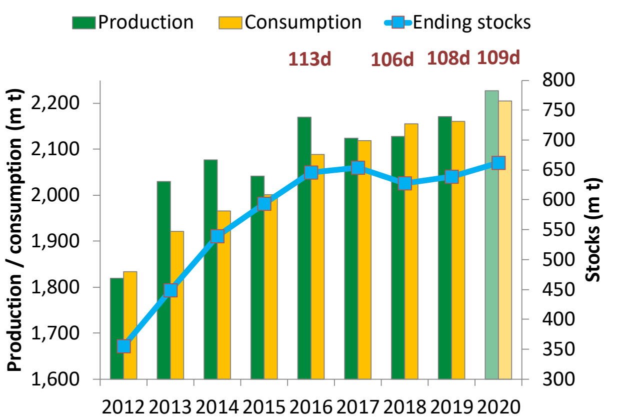
US maize crop cut by 25mt, prices rise

In a surprise move, the USDA cut its estimates for US maize plantings much more sharply than expected by 6.3% (2.3m ha) to 34m ha with US crop output cut by a forecast 25mt. The USDA also saw a reduction in crop forecasts for other grains around the world including lower wheat output in the EU, Argentina, and Russia. This has led to them to lower global grain output to 2,228mt. Although still a 57mt rise since last year, this is 30mt lower than forecast last month. They also expect consumption to rise 45mt to 2,205mt and stocks to rise 22mt to 661mt to 109 days of use. While this would be the highest stocks-to-use level in 3 years; is a major reduction in the stock to use levels forecast just last month, which were equal to a 33 year high. World grain prices have risen following this report.

World grain supply, use and stock estimates

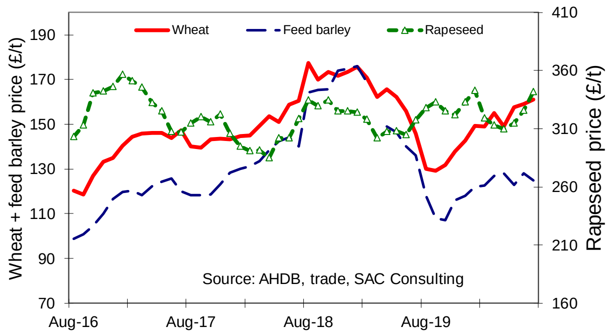


Source: USDA

Harvest starts

Early cut winter barley across Scotland has come in under generally good conditions. Early grain yields appear down around 5-10% though straw output seems less affected. Harvest progress further south across the UK has been good in winter barley, oilseed rape and some milling wheat with yields of winter cereals and oilseeds typically reported 10% to 20% below average levels. Grain specific weights are high as are protein levels in milling wheat and barley. High nitrogen levels in winter barley are expected to be seen in spring barley too – making English barley less suitable for distilling. UK prices continue to be set for wheat by the cost of imported wheat and maize and for barley by the export price of feed barley. Wheat retains a large £35/t premium over feed barley

Scottish spot ex-farm grain and oilseed prices



Whisky exports face further US tariffs

UK barley use in malting was 27% (84kt) lower in the April/May period. In 2019, GB malting barley use was split was almost 50-50 between England and Scotland. On a pro rata basis this would imply a loss of distilling barley use of around 42kt or 2.5 weeks of use. Given expected ongoing weaker demand over the summer due to Covid-19 combined with the earlier harvest this year, then it may be that an additional month's worth of barley remains in store come harvest. This may create some delays in lifting malting barley from farm at harvest though additional storage has reportedly been arranged by several buyers.

Adding to these issues, the Scotch whisky sector continues to suffer from reduced demand in the US following the imposition of Tariffs on malt whisky there. The US is threatening to increase Tariffs further on Scotch malt whisky and extend these to blended whisky.

The malting barley premium at harvest will be influenced by the wider EU market and potentially reduced demand and growing stocks of malting barley in store. However, given higher expected nitrogen levels in England the premium for distilling grade barley will remain highly dependent on Scottish spring barley yields and quality at harvest.

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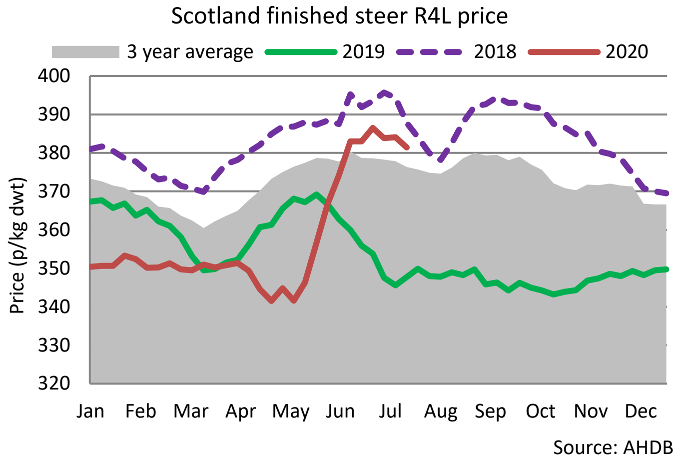
Indicative grain prices week ending 24 July 2020 (Source: SACC/AHDB/trade)
* Before oil bonus, # Ex-farm England spring brewing max 1.85%N, ~ nominal May

£ per tonne	Basis	Jul '20	Hvst '20	Nov '20	Mar '21	Nov '21
Wheat	Ex-farm Scotland	161.00	161.00	163.00	169.00	148.00
Feed barley	Ex-farm Scotland	125.00	125.00	130.00	136.00	123.00
Malt. barley- distil	Ex-farm Scotland					
Malt. barley- brew	Ex-farm England#			135.00	140.00	
Oilseed rape*~	Delivered Scotland			342.00		332.00

B e e f

The beef price has come under some pressure in recent weeks, with prices slipping back a few pence per kilo caused by an oversupply of finished cattle to the market. As July is the peak month for spring born bulls to be slaughtered, this drop in price should not be a cause for concern. Processors are reporting that supply is tightening while demand remains strong. These indicators point to prices recovering in August.

As this article goes to print, it seems that several processors have increased their price by around 10p/kgDW, good news for all! As the prime price dropped a little, the cow trade remained very strong, at near record prices. Reports are that the supply of cows is tight, meaning that cull cows remain a good prospect for the autumn.



It never rains but it pours

In June, much of the country breathed a sigh of relief as the heavens opened, providing much needed rain to parched grassland and crops. However, after several weeks of wet weather, some parts of the country have seen enough rain and a return to some dry weather would be greatly appreciated. That said, in the main finishing areas, grass growth has been exceptional in recent weeks, with reports of cattle performing very well at grass, if this continues, we are likely to see a significant number of cattle finishing off grass. However, producers should be cautious, as we move into August, while grass may be plentiful, its quality declines. Finishers trying to get the most out of grass need to pay close attention to grassland management and remember that a small inclusion of meal into the diet could dramatically improve the prospects for cattle at grass. Where weather is bad and grass supplies are limited, housing finishing cattle may well be the best option.

The next 6 weeks will have a huge bearing on beef margins for the coming year. Across the country yields of grain and straw look to be better than expected but still limited. A dry harvest will lead to reasonable prospects for all, a wash out will put everyone under pressure.

It's good to talk

How often do you get feedback from what you have sold? In most cases, the only feedback a breeder gets is the following year when they are selling store cattle, if the same person buys them, they must have done a job, if they did not then there must have been a problem. With the lead time from turning bulls out to selling steak being at least 2 years, this is a major failing in the beef sector. If we really want to improve efficiency and ultimately make more money, then we need to improve communication throughout the chain. Don't be scared to ask questions of your suppliers and people you supply. We are all fighting the same fight.

Stay positive

When compared with many other industries, farming has, so far, come through the current crisis in reasonably good shape. Yes, things are far from perfect but while many changes have had to be made in markets and ancillary businesses, farming is still at least, recognisable. The same cannot be said for much of the rest of the economy. Who knows where we are heading at the moment, with Brexit, Covid or Climate, but with challenge comes opportunity and although there are choppy waters ahead, there is plenty to remain positive about.

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Scotland prime cattle prices (p/kg dwt) (Source: drawn from AHDB and IAAS data)

Week Ending	R4L Steers (p/kg dwt)			-U4L Steers			Young Bull-U3L		Cull cows	
		Change on week	Diff over N. Eng.		Change on week	Diff over N. Eng.		Diff over N. Eng.	R4L	-O3L
4 Jul 20	**383.8**	-2.7	9.1	**381.1**	-2.6	10.3	377.7	13.9	302.5	278.2
11 Jul 20	**384.1**	0.3	10.8	**381.5**	0.4	10.8	376.2	16.3	302.0	278.2
18 Jul 20	**381.4**	-2.7	11.1	**379.8**	-1.7	10.7	371.4	10.5	301.6	281.1

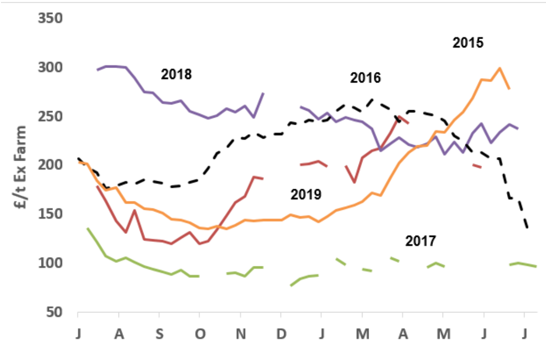
Potatoes

Market price update

- *The GB Weekly Average Prices for the week ending 27th June was £200.89/t for free-buy and contract purchases. The latest GB Weekly Average Free-Buy price reported on 20th June was £207.53/t.*

Crop Year 2018/19	27 Jun	20 Jun	30 May
Average Price (£/t)	200.89	208.72	202.55
AVP change on week (£/t)	-7.83	+6.17	-1.14
Free-Buy Price (£/t)	-	207.53	198.08
FBP change on week(£/t)	-	+9.45	-2.43

GB Weekly Average Free-Buy Price (2015-2019 crop years)



Trading Season July - July Source: AHDB

Market Overview

New crop lifting is now gathering pace with increasing supplies now becoming readily available. The majority of movement in all potato sectors is on contract, with very little demand for free-buy. Stocks not being sold on contract are being loaded into stores. Old-crop movement has reduced and is likely to be at very small volumes as we move into August, facing more new-crop supplies. The food service sector is slowly returning to some normality, but demand is still low as consumer footfall remains limited for the majority of outlets. Consumer confidence has been varied as lockdown measures ease, with a high proportion of the population still reluctant to venture out other than to collect essentials. The chipping trade has also been relatively slow, with poor weather and a lack of summer tourist footfall, businesses in coastal regions have also found trade challenging.

From the 3rd August, the governments "Eat Out to Help Out" scheme will start and cover a 50% discount (max £10/diner) for restaurant, cafe, and bar meals on select days to encourage consumer demand. It is hoped that this will stimulate consumers to eat out thereby benefitting businesses and others throughout the supply chain.

Packing prices continue to vary depending on the end market. Many new-crop varieties have been destined for supermarkets as good old-crop packing material is proving difficult to source. Top quality stocks of Piper are proving particularly difficult to source in volume, and as a result, prices have remained strong over the past few weeks.

New-crop Reds supply should start to appear in the next week or so, as crops fast approach lifting dates.

Prices by sector

Prices reported on Friday 24th July: New crop packing whites in England are trading around £200/t ex farm. Maris Peer 45mm down is trading around £300/t ex farm with highs of £400/t ex farm.

In the chipping market in the East of England, Accord is trading between £140/t and £150/t ex farm. Agria is trading between £150/t and £160/t ex farm. Maris Bard is trading around £145/t to £180/t ex farm, and Sagitta is trading between £140/t and £160/t ex farm. In the West of England, Accord is trading around £100/t to £110/t ex farm, with Arcade and Miranda trading around £95/t ex farm.

Prices reported on Friday 17th July: New crop packing whites in England are trading around £230/t ex farm and salads 45mm down are trading around £340/t ex farm. There are reports of some salad stocks reaching a high of £400/t ex farm for particularly good quality premium packing jobs.

In the East of England chipping market, Accord is trading around £185/t ex farm with a high of £200/t ex farm. Sagitta is trading around £190/t ex farm with a high of £200/t ex farm. Other whites varieties are trading between £190/t ex farm and £220/t ex farm, all dependant on quality and dry matter content. In the West, Accord is trading around £150/t ex farm, with a high of £200/t ex farm. There are no prices reported for new crop in the South of England, or in Scotland.

Old crop Whites in Scotland are trading around £200/t ex farm, with a high of £280/t ex farm. There are reports of top-quality whites moving into England for premium packing jobs. There are no prices reported for Maris Piper.

Prices reported on Friday 10th July: Old crop packing whites in England were trading around £190/t ex farm. Excellent quality whites are commanding premium prices, with highs of £400/t ex farm reported for the best stocks. Reds were trading around £260/t ex farm, with a high of £350/t ex farm.

In Scotland, Whites were trading around £180/t ex farm, with highs of £270/t ex farm reported. There were no Piper prices reported.

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2020 going well

Our lamb industry has fared well given the circumstances this year – an uplift in price after June is unprecedented. For this, we have falling imports into Europe and the Islamic festival (Eid-al-Adha; July 30th - August 3rd) to thank.

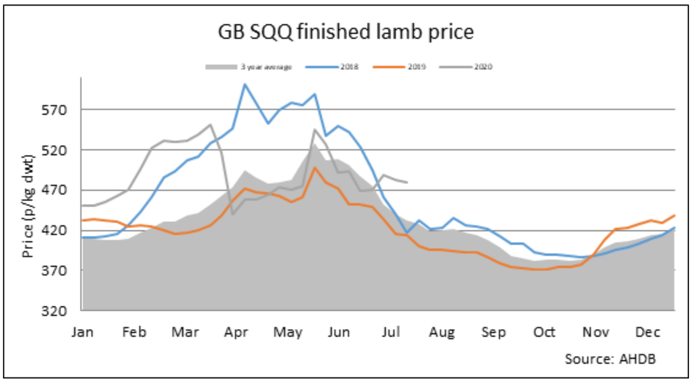
Restaurants and cafes have fully reopened in France and Germany and the pound has weakened (currently at 90.4p/€, 29/07/2020). The NZ lamb trade is back focused on China. This NZ-China trade is estimated to be set until 2025 i.e. until China's pig industry has recovered (OECD-FAO Agricultural Outlook 2020-2029). This all bodes well for our exports onto the continent for the remainder of 2020.

Opportunity

With 3 million Muslims living in the UK, the festivals continue to offer great opportunity for the sheep sector. Yes, the date moving forward 10 days does pose an increasing challenge and the preference for six-month-old, uncastrated lamb would be difficult to meet, but the benefit is felt across the whole market and the boost in demand at this time of year is welcomed. This is an opportunity as we develop new export trade deals but export trade to the continent will be a significant proportion of this elevated demand, and the outlook for this market is under threat.

Back to Brexit

For starters, from 1st January 2021, UK lamb hauliers could be left without permits to drive into Europe. Then, we have the risk of excessive tariffs which will potentially be 50% for sheepmeat. The negotiations between UK and EU will be stepping up again, with the hope that an agreement will be reached this Autumn.



Covid-19 impact on household income and dependency on domestic demand is not a healthy outlook to face while we develop new trade deals and rebuild our export market.

Looking ahead

With lambs thriving during the warm weather and a decent recovery of grass growth, the store trade looks to be off to a strong start. For short keep lamb – efficient gains will be key, but margins should be there if sold pre-Christmas. For long keep lambs, the risk is greater due to Brexit. The past two years have seen good margins but who is to say what early 2021 will look like. Keeping costs down with good use of forage will limit risk, should prices plummet.

Price at the abattoirs is starting to ease as you would expect for the time of year and, following the festivals, this will probably drop back to follow 2019 prices. Cull ewes are still a good trade with many coming forward to make the most of the good prices. Cash in the ewes that are not pulling their weight.

The remainder of 2020 looks relatively positive, but I would be planning lamb finishing and breeding with caution now due to the risks facing our lamb market for 2021.

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Week ending	GB deadweight (p/kg) 16.5 – 21.5kg				Scottish auction (p/kg)				Ewes (£/hd)	
									Scottish	Eng&Wal
	R3L	Change on week	Diff over R2	Diff over R3H	Med.	Change on week	Diff over stan.	Diff over heavy	All	All
4 Jul 20	**486.6**	17.5	-4.7	1.8	**226.60**	-2.5	-1.2	-0.3	69.45	66.33
11 Jul 20	**481.8**	-4.8	-3.3	2.4	**223.20**	-3.4	-2.3	0.3	69.66	69.67
18 Jul 20	**479.0**	-2.8	-4.1	3.1	**221.00**	-2.2	1.6	3.2	70.76	68.12

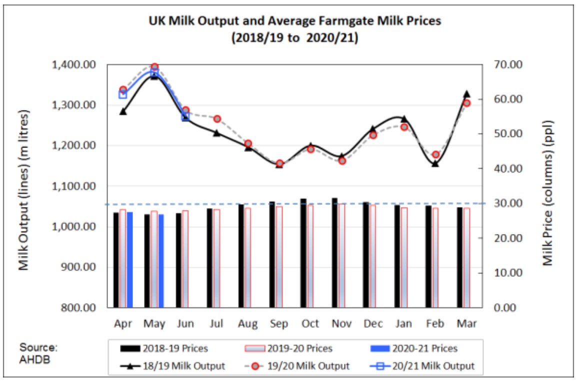
Deadweight prices may be provisional. Auction price reporting week is slightly different to the deadweight week. Source: AHDB and IAAS

Standard weight 32.1 - 39.0kg; Medium weight 39.1 - 45.5kg; Heavy 45.6 - 52.0kg

UK output reduces for third month

- *UK milk output has been lower than last year during April, May and most recently during June.*
- *During the first three months of the milk year, UK production is 42.76m litres down on last year.*
- *The average farmgate milk price during May 2020 was 26.83ppl (down 1.01ppl on the average for May 2019).*

UK milk production for June 2020 has shown a drop against June 2019 output according to AHDB. UK monthly milk output for June 2020 is estimated at 1,272.70m litres (before butterfat adjustment). This is 15.65m litres lower than June 2019 output when UK production for the month stood at 1,288.35m litres. Cumulative UK milk production for 2020/21 now stands at 3,979.80m litres (before butterfat adjustment). This is 42.76m litres lower than at the end of June 2019.



The UK average milk price for May 2020 is estimated at 26.83ppl (1.01ppl lower than May 2019). This is the lowest UK average price level in 24 months, since May 2018 when the UK average price was estimated at 26.79ppl.

Farmgate price update - August 2020

Price announcements for August 2020 include:

- Arla Foods amba – Arla is to hold its member milk price from July into August 2020. The liquid standard litre price remains at 28.17ppl, whilst the manufacturing standard litre remains at 29.26ppl.
- First Milk – FM has confirmed a hold on their farmgate milk prices up to 1st September. This means that the liquid standard litre price is maintained at 26.75ppl and the manufacturing standard litre remains at 27.63ppl.
- Yew Tree Dairy – Yew Tree has announced a 1.00ppl increase which takes the liquid standard litre up to 26.10ppl from 1st August 2020.
- Coop – The milk price for the Müller Co-operative Dairy Group will reduce by 0.29ppl from 1st August 2019. This takes the liquid standard litre price down to 29.53ppl.
- Tesco – Members of the Tesco Sustainable Dairy Group (TSDG) will receive a 0.08ppl reduction to their milk price from 1st August 2020. The reduction is a result of the latest review of the cost of production tracker. The reduction means that the liquid standard litre price reduces to 31.43ppl for Müller suppliers whilst Arla Direct members will receive 31.18ppl from 1st August 2020.
- Müller – will hold the price for Direct members from July into August 2020. See table below.
- Lactalis – Lactalis confirmed a 0.25ppl price increase from 1st August 2020. See table below.

Annual Average milk price estimates for August 2020 (ppl)	
Milk Buyers – Scotland	**Standard Ltr***
Lactalis (No profile or seasonality) [1]	26.75
First Milk Liquid [1, 2]	26.75
First Milk Manufacturing *(4.2% Butterfat & 3.4% Protein)* [2]	27.63
Müller - Müller Direct - Scotland [1, 3]	26.00

1 *Liquid standard litre – annual av. milk price based on supplying 1m litres at 4.0% butterfat, 3.3% protein, bactoscan = 30, SCC = 200 unless stated otherwise.*
2 *FM prices include 0.25ppl Member Premium. The member premium increases to 0.50ppl from April 2020.*
3 *No monthly supplementary payment included in the price estimate. Includes 1.00ppl Müller Direct Premium and additional 0.25ppl haulage charge for Scottish suppliers.*

FM reports improving finances

First Milk has unveiled another set of positive results with the company's annual accounts to 31st March 2020 showing:

- Turnover up 4% to £282.8m
- Operating profit up 4% to £7.5m
- Net profit up 66% to £4.5m
- Net debt down 20% to £33.1m

First Milk is undoubtedly performing much better since the restructuring of the company under the coop's former chief executive, Mike Galacher.

Dairy Contracts consultation launched

DEFRA has launched the much-awaited, UK wide, consultation into milk purchasing contracts in the UK dairy industry. The consultation has been set up in order to seek views on the how contracts are being used and to assess if legislation is required in this area. This follows concerns from farmers that they occupy a relatively weak position in the dairy supply chain which can result in unfair pricing practices. The Consultation will close on 15th September 2020

UK wholesale prices update

UK dairy commodity prices (£/ tonne)	July 2020	Jun 2020	Jan 2020
Butter	3,070	2,980	3,060
SMP	1,920	2,050	2,220
Bulk Cream	1,430	1,390	1,300
Mild Cheddar	2,920	2,910	2,830
UK milk price equivalents (ppl)	**July 2020**	**Jun 2020**	**Jan 2020**
AMPE (2014)	28.55	29.37	31.43
MCVE (2014)	31.01	30.89	30.21

Source: AHDB

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UK prices continue to creep upwards

Pigmeat prices in the UK have steadily climbed since Spring 2019 with the EU spec All Pigs Price (APP) rising to just over 167 p.p.kg at the end of June, up over 25 p.p.kg in a little over a year.

These improved prices are following the outbreak of African Swine Fever (ASF) in China and other Asian countries which has seen an ongoing demand for pig meat to be imported by these countries to fill the gap caused by their own reduced domestic supplies. Prices have continued to edge upwards with a combination of steady demand, good levels of exports and a growth in retail sales compensating for the reduction in demand from the food service sector due to COVID-19.

The export market continues to be important with China taking a bigger share following the outbreak of ASF, indeed UK shipments to China were 75% higher year on year from January to April 2020.

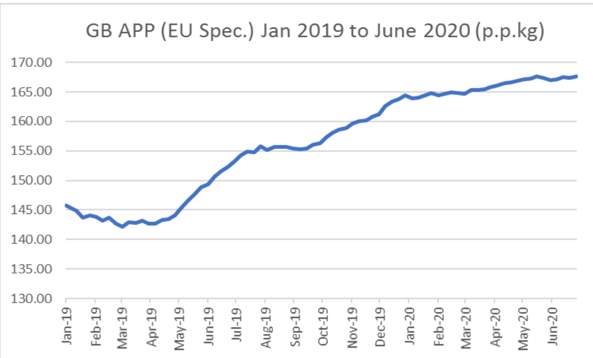

Figure 1. GB APP Jan 2019 to June 2020, (Source: AHDB Pork)

Interestingly, pig meat prices in the EU rose much more quickly in light of the ASF outbreak in China than in the UK, however, prices in Europe have come crashing back down again following the COVID-19 outbreak. This has been due to the lockdown restrictions decimating demand from the food service sector, leading to oversupply particularly in the larger pork producing countries. As the UK is far from self-sufficient, it can balance the effects of demand by reducing imports.

Margins continue to improve despite increasing costs

At the start of 2019, a combination of increased costs and falling prices received had seen most producers returning a negative margin, with the average UK producer estimated to be losing 13 p.p.kg. This situation was quickly reversed however, as prices began to rally through 2019. This, coupled with a reduction in wheat and barley prices from the high levels seen in late 2018 and early 2019 saw margins increasing to 16 p.p.kg (£14/hd) by the beginning of 2020.

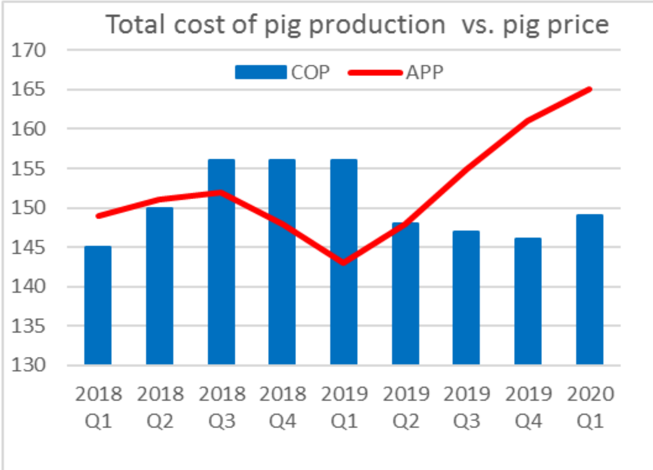

Figure 2. Total Cost of production compared to pig price (p.p.kg) (Source AHDB Pork)

Scottish breeding herd on the rise

The Scottish June 2019 census found that at 36,164, the total breeding herd was at its highest since 2011 and had increased by 19% on the year.

Overall, pig numbers were only slightly up on those recorded a year earlier (+0.8%) however, suggesting that the progeny of the extra sows were being moved out of Scotland for finishing and slaughtering, continuing the trend whereby most of the pigs born in Scotland are finished elsewhere.

Clean pig slaughterings in Scotland did however increase slightly in 2019 compared to 2018 with HMRC figures showing 342,000 pigs slaughtered, a rise of nearly 3% on the year. This trend has continued into 2020 with 144k pigs sold from January to the end of May 2020 compared to 138k for the same 5 months in 2019 – an increase of 4% on the year to date.

The same data also revealed that the UK wide trend to heavier slaughter weights continued with average clean pig slaughter weights being 84.9kg in 2019 – up 1.5kg from 2018. This has continued in 2020, with the average weight for pigs slaughtered for the five months from January to May being 86.4kg compared to 85.0kg for the same period in 2019.

Outlook

Good retail and export demand coupled with tight UK supplies should help support UK prices for the rest of the year although domestic supplies are expected to increase, continued exports and the overall global shortage of pig should continue to support the UK market (AHDB).

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Covid–19 and Autumn Livestock Markets

For generations of farmers, livestock markets/marts have been the heart and soul of livestock farming.

Last year, collectively, the 10 Scottish Livestock Auction Companies sold 2.7 million head of livestock with a total sale value of £482.5 million. While stock sold through the fat ring totalled 1.5 million in number and £168.4 million in sale value; the 1.2 million of livestock sold through the store ring, many of which were sold at autumn markets the length and breadth of the country was almost twice the value, at £314.1 million (Source: Institute of Auctioneers and Appraisers in Scotland (IAAS)).

While over time many marts have relocated to the outskirts of towns for ease of access and others have evolved into large agri-business complexes; they have continued to provide a valuable social hub for farmers and farming communities. However, they have all had to adapt in the face of industry crises like BSE and Foot & Mouth Disease to new working practices, and while Covid-19 is a human disease, all auction marts must comply with the new Scottish Government Auction Market Guidelines.

New Operational Guidelines for Markets

- Face coverings are required in all enclosed areas. Social distancing must be adhered to.

Farmers/Hauliers Delivering & Picking up Livestock to/from Auction Markets

- Prior to sale, check booking in arrangements with auction mart.
- Hauliers/Farmers must remain in their vehicles until a loading bay space becomes available.
- Farmers/Hauliers only to unload/uplift livestock into/from pens beside the loading bay.
- Where possible, selling paperwork to be sent by email prior to the sale. Selling paperwork should not be taken to the mart office
- Where paperwork has to handed to/collected from mart staff, social distancing must be adhered – minimum 2 metres.

Seller Access

- From Monday 20th July, individual marts may allow one vendor per consignment to enter the mart premises to see their stock sold, subject to meeting all current Public Health and IAAS guidelines and in agreement with HSE/Local Authority officials.
- In compliance with the Test and Protect system, Vendors must pre-register their attendance with their stock.
- Vendors must not congregate and should leave the premises once their stock has been sold.

Buyers

- All buyers must pre-register their planned attendance at any sale in compliance with the Test and Protect system.
- Buyers must sign in and out of auction mart premises
- The number of buyers a sale can accept will depend on the size and layout of the sale rings.
- From Monday 20th July marts may allow buyers to view stock held in the penning area before the sale commences, subject to meeting all current Public Health and IAAS guidelines and in agreement with HSE/Local Authority officials.
- If required to enter the sales office, social distancing must be adhered to.

Pedigree Sales

- While some large pedigree livestock sales have been cancelled for public safety, auction marts are working very hard to continue to hold smaller sales/use alternative venues when and where possible.
- Contact Auction marts/view Auction company websites online for up-to date sale details.

Machinery & Implement Sales

- While Machinery & Implement sales are to be held online/by telephone/remote bidding only, viewing days may be available in advance.

Live Streaming of Sales & Live Bidding

- For farmers unable to attend a livestock sale, some auction marts are offering free live streaming of sales and a live online bidding service.
- Prior to the sale potential buyers have to register with their chosen mart for the Live Bidding Service.
- Some Auction Company websites offer an online Live Bidding tutorial to explain the process prior to registration.

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Management Matters
Silage Update

The SRUC analytical services laboratory have been starting to receive grass silage samples for analysis. Below are the results of all the samples received so far. The majority of the samples received are made up of first cut grass silages from a mix of dairy, beef, and sheep farms. Figure 1 shows the average results for early first cut silages 2020, the average results for 2019 and the minimum and maximum results from 2020 to show the range of results.

Figure 1:

Nutrient Value	Average 2020	Average 2019	2020 Minimum	2020 Maximum
DM g/kg	335	313	152	646
D Value (%)	71	67	54	77
ME MJ/kgDM	11.3	10.6	8.6	12.3
CP g/kgDM	141	114	80	181
Sugar (g/kgDM)	77	71	25	107
PAL meq/kg DM (potential acid load)	840	836	688	1138
Ash g/kgDM	86	72	54	103
NDF g/kgDM	440	512	324	635
SIP (silage intake potential)	107	97	77	125
pH	4.4	4	3.7	4.8

These results indicate that silage is of good quality however, as stated, these results reflect mainly 1st cut silage. Regular silage analysis throughout the season is vital to balance the ration appropriately.

The dry matter is slightly higher compared to last year's average, although this was not unexpected given the dry weather during April and May. Those silages which have analysed higher in dry matter will be more prone to aerobic spoilage, therefore good clamp management at feed-out will be crucial to maintain quality and reduce DM losses.

The energy content of 11.3 MJ/kgDM and low fibre content of 440 g/kgDM suggest good quality silages. The potential acid load (PAL) gives an indication of how acidic the silage is in the rumen. A PAL level above 900 meq/kg DM should be fed with caution, particularly if being fed alongside starchy cereals. High PAL silages tend to be associated with wet, high digestible silages that ferment more quickly in the rumen.

The crude protein (CP) level has analysed higher compared to last year which complements the high energy results. As more cuts come in for analysis it will be interesting to see if this trend continues. Due to the wide variation in results these figures should only be used as a guide; every farms analysis will be different.

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Key economic data

General Indicators		Price indices for May 2020 (Defra 2015 = 100)			
		Output Prices		**Input Prices**	
Base interest rate	0.1% (0.75% Mar '20)	Wheat	131.38	Seeds (all)	104.2
ECB interest rate	0.00% (0.00% Sep '18)	Barley	115.77	Energy	103.2
UK (CPI) inflation rate	0.6% (target 2%)	Oats	123.45	Fertiliser	93.4
UK GDP growth rate	-2.2% (Q1 '20)	Potatoes	144.33	Agro-chemicals (all)	127.8
FTSE 100	6,109 (27 Jul '20)	Cattle and Calves	102.49	Feedstuffs	113.2
		Pigs	124.99	Machinery R&M	112.1
		Sheep and Lambs	132.20	Building R&M	111.5
		Milk	108.92	Veterinary services	114.4

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