

# Agribusiness NEWS



Farm  
Advisory  
Service

National Advice Hub  
T: 0300 323 0161  
E: [advice@fas.scot](mailto:advice@fas.scot)  
W: [www.fas.scot](http://www.fas.scot)

December 2017

## News in brief

### Brexit progress, sterling strength?

The UK appears to be edging closer (though nothing is certain) to agreeing a 'divorce settlement' with the EU. This follows the UK's indication it is willing to up its divorce payment to around £50bn. The main sticking point now is the Irish border question though again progress is being made. Interestingly, Ireland's desire to keep a soft border between north and south may also mask its strong motivation to minimise barriers with its vital food markets in the UK. The pound has rallied sharply on these signs of positive progress. If the EU concludes at their 14 December meeting that the UK has done enough for talks to move onto trade, expect a further rally in sterling. Though positive overall, it could bring a drop in UK agricultural commodity prices in sterling terms.

AHDB supported by SRUC and QMS have released a report on Brexit and Scottish agriculture; [www.ahdb.org.uk/brexit/](http://www.ahdb.org.uk/brexit/)

### Autumn Budget 2017 and agriculture

Although there were no specific announcements directly aimed at agriculture, indirect measures included;

- The fuel duty freeze for petrol and diesel will benefit rural drivers and rural businesses.
- Increases to the personal allowance and the higher rate threshold benefits self-employed and employees.
- Keeping the VAT registration threshold at £85,000, as opposed to reducing it as feared, helps small businesses.
- Although many farm workers will be paid rates in excess of the National Living Wage, the increase from £7.50/hr to £7.83/hr from next April will without doubt increase labour costs for many businesses.
- The pledge to spend £500m to support 5G mobile networks, fibre broadband and artificial intelligence has the potential to make significant differences to remote rural areas if delivered effectively.

### Next month....

- Agricultural sector 2017 review & outlook

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Gillian Inman	



The European Agricultural Fund  
for Rural Development  
Europe investing in rural areas



Scottish Government  
Riaghaltas na h-Alba  
[gov.scot](http://gov.scot)

# Policy Briefs

## Greening changes for 2018 – reminder

With the start of January only a few weeks away below is a reminder of the greening changes that will apply to the 2018 scheme year.

### EFA fallow

- Five year old temporary grass claimed as TGRS5 in 2017 can be claimed as EFA fallow in 2018.
- Existing field drains can be maintained in the period 15<sup>th</sup> January to 15<sup>th</sup> March i.e. investigation and replacement of pipes or tiles where existing bursts have been identified.
- In exceptional cases (subject to prior approval) maintenance of field drains can be undertaken in the period 15<sup>th</sup> March to 15<sup>th</sup> July.
- Plant protection products are not permitted on EFA fallow land during the fallow period i.e. 15<sup>th</sup> January to 15<sup>th</sup> July, inclusive (except spot herbicide treatment for injurious and invasive weeds).

### EFA margins

- EFA margins (amalgamation of previous EFA field margin and EFA buffer strip options) can be cut and grazed after the 15<sup>th</sup> July but can only be grazed if they do not contain a watercourse or are adjacent to a watercourse.
- EFA margins must also be located on, adjacent to, or within 5m of arable land or be contiguous to a claimed EFA option.

### EFA catch crops

- The main crop must be undersown in the spring with a recognised grass seed mix.
- Plant protection products are not permitted on EFA catch crops from the date of harvest of the nurse crop until the 31<sup>st</sup> December.

### EFA green cover

- Red clover and white clover will count as two separate green cover crops.
- EFA green cover must be established by the 1<sup>st</sup> November.
- Plant protection products are not permitted on EFA cover crops from establishment until the 31<sup>st</sup> December.

### EFA Nitrogen-fixing crops

- Mixtures of nitrogen-fixing crops with other crops will be permitted, as long as the nitrogen-fixing crop accounts for more than 50% of the seed weight.
- Red clover and white clover will also count as two separate nitrogen-fixing crops.

- Plant protection products are not permitted on EFA nitrogen-fixing crops from establishment until after harvest.

### EFA hedges

- Hedges that are up to and including 3m wide from the centre of the hedge and have a length of at least 20m or a length of less than 20m where it meets another hedge at each end can count as EFA hedges.
- EFA hedges are linear features, if claimed in its entirety each linear metre will equal 10m<sup>2</sup> of area for EFA, if the hedge forms a boundary each linear meter will equal 5m<sup>2</sup>.
- EFA hedges must also be located on, adjacent to, or within 5m of arable land or be contiguous to a claimed EFA option.

### EFA agro-forestry

- Agro-forestry planted under a Forestry Grant Scheme on Basic Payment Scheme eligible, arable land since 1<sup>st</sup> January 2015 can count as an EFA agro-forestry option.
- Each ha of eligible agro-forestry will be equal to 1ha of EFA.

The full greening guidance for 2018 is available at: <https://www.ruralpayments.org/publicsite/futures/to pics/all-schemes/basic-payment-scheme/greening-guidance/greening-guidance-2018/>.

## Glyphosate reauthorized

Glyphosate has been reauthorised for use for a further five years following a vote by an EU appeals committee. Although this time period falls far short of the 15 year licence originally sought by the Commission it is still welcome news by many farmers, in the short term anyway.

The re-authorisation process will commence again in a couple of years time. Whether Glyphosate is still available in 2023 only time will tell, particularly as some European countries are already stating their intent to introduce bans before then.

## Pending deadline dates

Annual Sheep & Goat Inventory – must be completed and submitted by the 15<sup>th</sup> December.

Water abstraction data returns - data returns for 2017 must be submitted to SEPA by 31<sup>st</sup> December, including any zero abstractions.

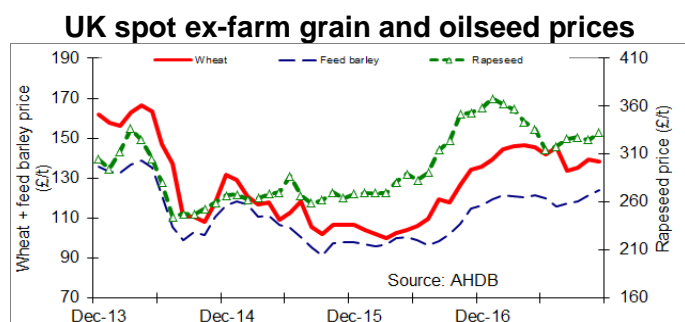
Scottish Suckler Beef Support Scheme claim – claims for the current scheme year must be submitted by 31<sup>st</sup> December.

[gillian.inman@sac.co.uk](mailto:gillian.inman@sac.co.uk), 07803 222362

# Cereals and Oilseeds

## Wheat market remains competitive

EU wheat exports of 7.5mt to date are currently 23% down on last year due to strong competition from aggressive Black Sea exporters. On global markets a heavy wheat balance sheet is seen though feed grain stocks remain set to fall for the first time in five years. UK and Scottish wheat demand could suffer following announcement of a planned shut down at the Vivergo ethanol plant in the north of England due to weak EU ethanol prices. Strong feed demand in the UK poultry, beef and dairy sectors may help to offset this with UK barley demand in feed rising the most up 42%. In Q3, UK distilling demand for wheat rose 19% aided by a switch away from maize. In the last month Scottish ex-farm wheat prices are up £1/t, feed barley prices are up £1-3/t and rapeseed prices are up around £10/t.



## Whisky export value up, volume down

The export value of Scotch whisky rose 3.4% in the first half of 2017 to £1.8Bn driven by rising sales; whisky exports rose 9% to £388m including a 14% rise in single malt sales to £123m. The EU remained the largest whisky market with sales growth of 4% to £559m. Global single malt export sales grew 7% to £479m and now represent over 25% of export sales. However, total whisky export volumes fell 2.2% needing less grain use.

In the UK Budget, duties on spirits were frozen, which was a better outcome than the rise some feared. In Scotland, the government won their case to impose a minimum price per unit of alcohol; expected from May 2018. This could reduce sales of lower value whisky blends in Scotland. Any loss

of UK sales is a concern, however, exports represent well over 90% of whisky sales by volume.

## Malting barley market and contracts

Farmers are currently awaiting and negotiating the details of spring malting barley contracts and pricing for the 2018 harvest. It is expected that the bulk of contracts will be based on a similar pricing formula to current practice. Typically this comprises 50% agreed in advance at a premium over LIFFE wheat futures and the remainder priced at harvest. Factors that have a bearing on market outlook include:

Price factors – supportive?

- Scotch whisky demand is strong, driven by a strengthening global economy and weak pound.
- UK malting barley use grew 4% and malting barley stocks fell 7% (63kt) in 2017 Q3.
- Three Crops Rule limits spring barley area on many farms especially in the north of Scotland.
- Scotch whisky requires specific barley qualities (low N, non-GN), not always readily available outside Scotland.

Price factors – negative?

- The wet autumn is expected to increase the UK and Scottish area available for spring cropping.
- Potential increase in area of higher yielding spring barley varieties such as Laureate, if sustained, could boost supply.
- Whisky export sales volumes lower, minimum price on alcohol introduced in Scotland.

Where the balance between these different factors will lie, come next harvest, is unknown at this stage. What is clear is that both the farming and whisky sectors face growing uncertainties from Brexit, currency and the weather. Barley from harvest 2018 will be needed to meet whisky sector demand after the UK's planned exit from the EU in March 2019. Unless an EU transition deal is agreed then WTO tariffs may apply on barley and malt imports after this date. Therefore for the benefit of all, contract price levels need to be set at a level that will support and encourage domestic spring malting barley production, as the risks from any shortfall could be increasingly costly in the years to come.

[julian.bell@sac.co.uk](mailto:julian.bell@sac.co.uk), 07795 302264

**Indicative grain prices week ending 17 November 2017** (Source: SACC/AHDB/trade)  
# Ex-farm England spring max 1.85%N, \* Before oil bonus, ~ nominal

£ per tonne	Basis	Nov 2017	Jan/Mar 2018	May 2018	Nov 2018~
Wheat	Ex-farm Scotland	143.30	148.30	150.00	148.00
Feed barley	Ex-farm Scotland	123.20	129.00	131.00	128.00
Malting barley	Ex-farm Scotland	169.30	-	-	-
Malting barley#	Ex-farm England	158.00	163.00	-	153.00
Oilseed rape*	Delivered Scotland	~325.00	~328.00	-	~316.00



# Beef

## Christmas Cheer

The market for prime beef has been firm and stable over the last four weeks to week ending 17<sup>th</sup> November. Processor demand to fill Christmas orders since mid-November has splashed additional water on hot coals.

Commercial cattle price was around 390p/kg dwt base price with a bit more achievable for week commencing 20<sup>th</sup> November. That is 5p up on the week but it will likely ease in early December.

- The cut-off date for pre-Christmas and New Year orders for 21-day hung beef is between the 4<sup>th</sup> and 9<sup>th</sup> of December respectively.

As it stands, a Scottish commercial 360kg carcass would gross over £1,400/hd, which is £48 up on the year. The premium for Aberdeen Angus cattle has reduced to 5-10p/kg dwt at best with sufficient numbers available.

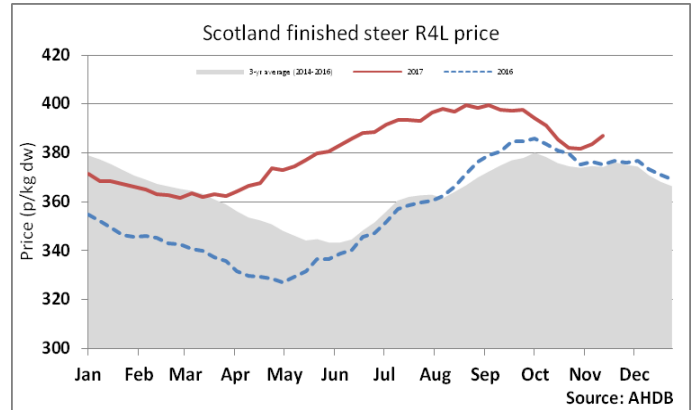
- The Angus brand is alive and well, however, as availability increases, from within the suckler and dairy herds, producers must keep any native bred cattle for management benefit and not simply to chase premium.

Slaughter numbers are up slightly to reflect the price and keen demand but processors still need to work hard to fill orders. No drastic price reduction is expected post-Christmas procurement.

Cattle prices across England have also responded to seasonal demand. Northern England is now within competitive reach of lowland Scotland and Southern England has also increased 7p/kg dwt since the start of November.

Best to sell immediately if producer and buyer think a beast (or pen) is ready, especially if fodder or straw will be short. Although, processors are asking to ensure cattle are not too lean and incur penalty.

Meanwhile, despite cull cow numbers having just past seasonal peak, price remains remarkably buoyant, being at a similar level since spring. A price of £1,100 for a 380kg carcass is still achievable, up £100/hd.



GB cow beef availability is significantly lower on the year due to the milk price reducing dairy culls. A few more cull beef cows will be available due to the weather and straw situation, particularly in the south west of Scotland. The exchange rate is also helping sales and processors will soon return focus on processing beef post-Christmas procurement.

## Antibiotic Use

The “It doesn’t affect beef and sheep as we hardly use any” stance is not going to wash. The industry will have to substantiate its claim. Beef buyers and assurance schemes may all approach this slightly differently but being disagreeable does not make it less important, such is the public scrutiny and wider impetus behind reducing antibiotic usage.

## Protect the brand

A recent Rabobank report looking at beef export markets identified that “If Australian red meat producers want to avoid the very intense competitive pressure in a commodity trade market, they must seek out ways of further improving eating-quality. ...” This challenge is magnified by the fact that current pricing mechanisms make it difficult to quantify the value of eating quality. New pricing mechanisms need to be developed and the marketing of livestock modified to ensure that eating-quality attributes can be identified, measured, and then monetised.”

There is a lesson in these comments for any successor to the EUROP grid.

[robert.logan@sac.co.uk](mailto:robert.logan@sac.co.uk), 07909 840534

Prime cattle prices (p/kg dwt) (Source: drawn from AHDB data)

	E&W			Scotland			E&W		Scotland
	South R4L Steers	North R4L Steers	North -U3L Y. Bull	R4L Steers	R4L Heifer	-U3L Y. Bull	South -U4L Steers	North -U4L Steers	All -U4L Steers
4 Nov	367.9	380.2	367.1	381.8	381.6	371.6	377.5	373.0	383.9
11 Nov	371.0	384.1	367.4	383.4	382.6	377.5	374.6	378.4	386.6
18 Nov	374.0	380.8	264.8	386.9	387.0	381.1	373.0	378.2	389.5

# Potatoes

## Market price update

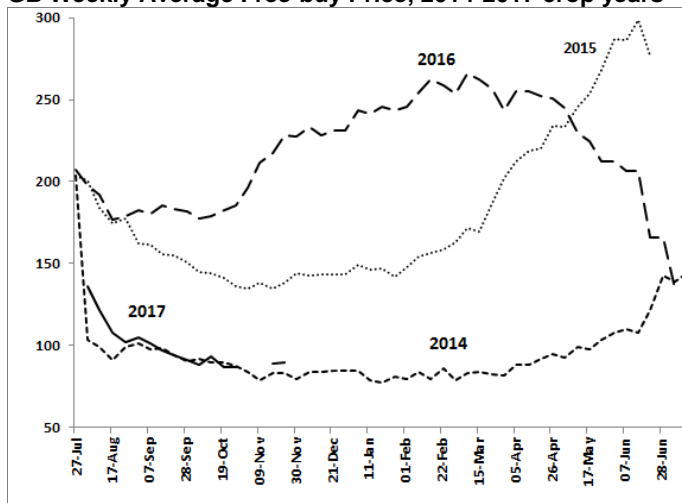
- The GB Weekly Average prices for the week ending 25<sup>th</sup> November 2017 were £134.59/t for free-buy and contract purchases and £90.00/t for free-buy purchases.
- Compared to the previous month free-buy and contract were up £13.16/t, whilst free-buy was up by £3.34/t.
- These modest price rises, lag far behind the £45/t rise seen in the same period last season. Average prices are also 18% below the 5yr average for November of £163.22/t or more like 25% lower if sterling had not dropped >10% against the euro. This price weakness highlights the extent of UK and EU oversupply.

**GB Weekly Average Price 2017 and 2016 Crop (£/t)**

Crop Year	25 Nov	18 Nov	28 Oct	21 Oct
All potatoes 2017	134.59	129.31	118.71	121.43
All potatoes 2016	196.43	188.24	160.19	152.11
Free-buy 2017	90.00	89.11	87.02	86.64
Free-buy 2016	228.10	217.40	185.27	182.26

Source: AHDB

**GB Weekly Average Free-buy Price, 2014-2017 crop years**



Source: AHDB

In Scotland, free-buy trade for the packing market remains steady with the majority of trade still being under contract. Grade 1 Maris Piper £145-£175/t and grade 1 whites around £55-£85/t.

## EU potato harvest seen higher

North-Western Potato Growers (NEPG) estimate a 2017 harvest of 28.9mt for the five countries: Germany, France, Belgium, Holland and GB. This crop is 17% above last year and 16% above the five year average leading to lower prices. However, there are major concerns over how well crops will store given the very wet growing season with rots and blights expected to affect many stores. Prices

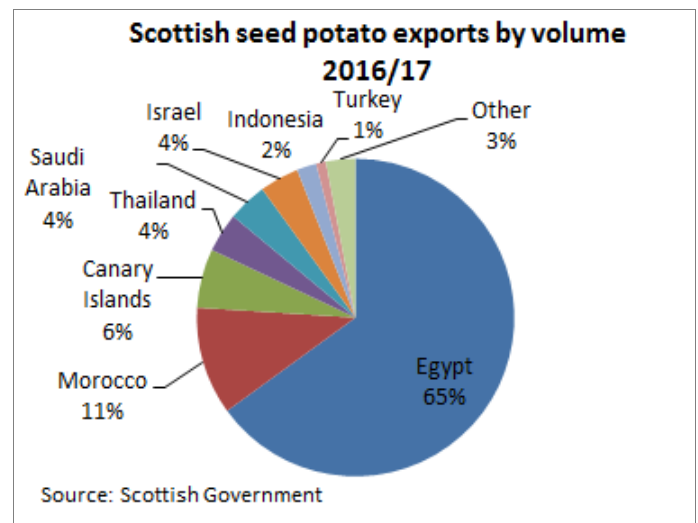
for premium samples are holding up better.

## Brexit impacts on Scotland

AHDB released a report on the implications of Brexit for Scottish agriculture. For potatoes, the main impacts were seen in the seed potato export trade; accounting for around 40% of production (65kt) and worth around £80-£100m per year.

Scottish seed potato exports are dominated by non-EU markets led by North Africa with Egypt at 65% of volume and Morocco at 11%. Exports to the EU are minimal apart from Canary Islands (6%). However, access to non-EU markets in many cases benefits from EU trade deals. Outside any trade agreement tariffs by value are levied on seed potato imports of 2% into Egypt and 40% into Morocco. The ability to continue to export to many of these markets will require the UK to negotiate comparable trade arrangements to those that currently exist in the EU. The UK will also have to replicate and maintain high Phytosanitary Standards to secure access. In fact, non-tariff barriers are the main block to accessing a wide range of non-EU markets. Maintaining, enhancing and demonstrating Scotland's high plant health standards will be key to unlocking further export markets.

If tariffs are imposed between the UK and the EU after 2019 there may be opportunities for UK supplies to displace imports; particularly of processed potato products. These benefits would mainly accrue to English producers though greater English seed purchases from Scotland may result.



Source: Scottish Government

For further details see the report as follows:

[www.ahdb.org.uk/documents/Horizon\\_November2017.pdf](http://www.ahdb.org.uk/documents/Horizon_November2017.pdf)

[julian.bell@sac.co.uk](mailto:julian.bell@sac.co.uk), 07795 302264

# Sheep

## The right lambs steady trade

Heavier weights to around 45kg liveweight and R3H grade plus more shapely export quality lambs are propping up the average price just now. Lighter lambs especially where they have a low level of finish are taking some hefty discounts.

The last four weeks to 17<sup>th</sup> November have found some market stability despite slaughter numbers remaining up on the year. Indeed, reports suggest agents are actively encouraging sales provided they meet the criteria noted above.

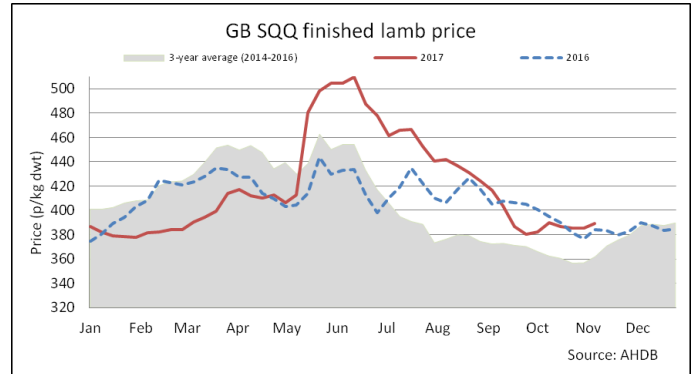
Cooling winter temperatures and the approach of Christmas are helping together with weakening of the pound – with dust settling after the 0.25% interest rate rise and stock market reaction to public frustration at turgid Brexit negotiations. The current pace of negotiations does not look to threaten short-term trade competitiveness.

The deadweight market base price was around 370-375p/kg with 380-390p still being within reach by week commencing 27<sup>th</sup> November. The average liveweight trade remained around 170p/kg, which is on a par with last year.

- A good level of finish is required to optimise price.
- Declining quality grass may now require concentrates to finish lambs quickly.
- Long-keep store lambs are in demand but demand for medium-keep lambs has softened slightly due to the typical reduction in January/February finished price.

## Thought of the month

“As an organisation pivots towards a consumer-focused value story, the rules that shape the future are no longer determined by the domestic government but by the markets and consumers to whom we sell. They are tougher masters than is any regulatory authority.” Ian Proudfoot, KPMG Global Head of Agribusiness New Zealand.



## National flock of the future

National ewe flock productivity has increased but only because ewes are moving down the hill onto kinder pasture. Meanwhile, Scottish Government statistics reveal a continued polarisation in flock distribution.

- 60% of sheep holdings have flocks of less than 100 ewes but account for less than 10% of the Scottish flock.
- Less than 10% of sheep holdings have flocks of more than 500 ewes and account for 60% of the Scottish flock.

In the meantime, the UK national sheep flock is at its highest level in over 10 years (16.6m females over a year of age). Cull ewe numbers are also much lower on the year, and lamb carryover into 2018 is forecast higher, suggesting output could increase further.

This might be the right decision over the short-term to capitalise on a competitive exchange rate and higher prices provided it does not detract from having a more long-term vision of farm strategy and flock breeding objectives.

While farms present different levels of physical limitation/challenges, newly published QMS enterprise costings reiterate the importance of top third performance. There is a difference between top and average performance of £14,000 gross margin per 1,000 hill ewes.

[robert.logan@sac.co.uk](mailto:robert.logan@sac.co.uk), 07909 840534

Week ending	GB deadweight (p/kg) 16.5 – 21.5kg			Scottish auction (p/kg)			Scottish Ewes (£/hd)	E&W Ewes (£/hd)
	R2	R3L	R3H	Stan	Med	Heavy	All	All
28 Oct	388.6	388.0	382.1	150.6	165.5	163.2	45.89	49.39
4 Nov	388.0	387.9	381.0	155.2	169.3	164.4	46.92	51.38
11 Nov	391.9	390.9	386.2	159.4	171.5	166.2	48.66	51.95
18 Nov	399.0	397.8	392.7	153.6	172.1	164.9	48.95	51.37

Deadweight prices may be provisional. Auction price reporting week is slightly different to the deadweight week.

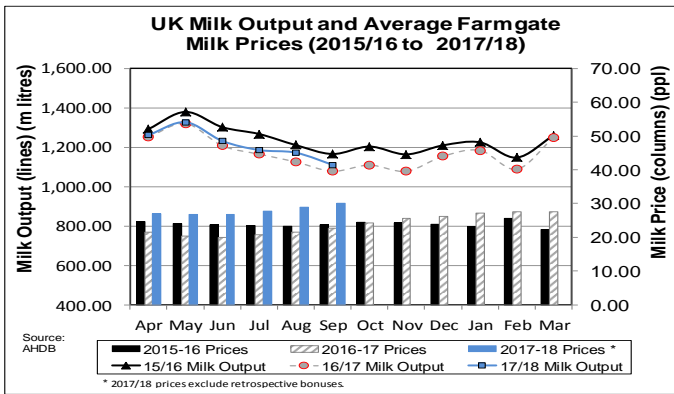
Source: AHDB.

# Milk

## UK average price continuing to rise

AHDB milk output figures show that 1,110.38m litres of milk were produced during September 2017 (before butterfat adjustment), equating to an increase of 31.83m litres against year on year production. These latest figures mean that cumulative production from 1<sup>st</sup> April up until the end of September 2017 stands at 7,290.53 litres which is 141.47 litres above cumulative output at this time last year.

The UK average milk price has increased to 30.13ppl during September 2017. The average UK farmgate price for August 2017 has been revised down to 29.00ppl. This means that the average price for September 2017 is up 1.13ppl from the previous month, and up 7.46ppl against September 2016).



## Farmgate price freeze for Dec' 17

With many of the major milk buyers having increased their farmgate milk prices during November 2017, the majority of milk buyers are holding their prices going into December. Müller, First Milk, Arla and Lactalis have all placed a hold on farmgate prices for now. The question that is now on most farmers minds is what price announcements will be made for the New Year.

Annual Average milk price estimates for December 2017 (ppl)	
Milk Buyers – Scotland	Standard Ltr*
Lactalis (No profile or seasonality) (3 month contract) <sup>1</sup>	29.00
First Milk Balancing. <sup>1</sup>	29.09
First Milk Manufacturing (Lake District)- 4.0% Butterfat & 3.3% Protein. <sup>1</sup>	29.44
Müller - Müller Direct <sup>1,2</sup>	30.50

<sup>1</sup> 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.  
<sup>2</sup> No monthly supplementary payment included in the price estimate.

## Wholesale prices reduce during Oct '17

After some considerable speculation regarding the turning of the market, there is now clear evidence that UK wholesale prices are falling back. During the last 12 months, butter prices have proved to be

one of the key drivers in the market with the UK price level for butter having doubled between July 2016 and August 2017. Powder prices have also weakened again recently, following continued decline in Fonterra's online auction prices for WMP since mid-September this year.

- Butter prices dropped £1,100 per tonne on average between September 2017 and October 2017.
- Cream prices dropped £650 per tonne during the same period.

The table below shows the changes to UK wholesale price level during 2017:

UK dairy commodity prices (£/ tonne)	Oct 2017	Sept 2017	May 2017
Butter	5,050	6,150	4,300
SMP	1,350	1,525	1,550
Bulk Cream	2,180	2,830	1,960
Mild Cheddar	3,365	3,450	2,975
UK milk price equivalents (ppl)	Oct 2017	Sept 2017	May 2017
AMPE (2014)	32.73	39.87	30.99
MCVE (2014)	36.61	38.48	33.30

Source: AHDB

Butter prices fell around the world during October 2017 but the largest price drop was without doubt across the EU. This was due to a drop in the EU market price level for butter, as EU prices remain uncompetitive on the world market. The strengthening of the Euro against the US dollar also contributed to a reduction in demand for EU product.

The reduction to the EU price for butter comes as a result of continuing increases to EU and global milk production, with milk output amongst the main world exporters (USA, New Zealand, EU) currently running ahead of last year on a cumulative basis. Within the EU, the latest production figures show that output for August 2017 increased to 12.671 billion litres compared against 12.270 billion litres in August 2016. Cumulative EU production from April 2017 until August 2017 stands at 65.672 billion litres compared against 64.663 billion litres during the same period last year.

## Dairy Pro membership

Scottish dairy farmers are being encouraged to sign up to Dairy Pro, the professional development register for the dairy industry. Membership fees are being waived during 2017/18 due to an agreement between the Scottish Government and AHDB. See [www.dairypro.co.uk](http://www.dairypro.co.uk) for more details.

[alastair.beattie@sac.co.uk](mailto:alastair.beattie@sac.co.uk), 07771 797491



# Sector Focus: Connect Local

## Connect Local

Funded by the Scottish Government and European Maritime and Fisheries Fund, Connect Local is Scotland's local food and drink advisory service, delivered by a team of industry experts from SAC Consulting, SAOS, Scotland Food & Drink and Seafood Scotland.

### The Local Food and Drink Opportunity

Recent research shows that 'local' is defined as Scottish products sold in Scotland by 42% of Scottish consumers. 68% of consumers in Scotland value the opportunity to source local food, but 94% of these say that price is also important. Scottish food and drink products have improved over the last 10 years, according to 71% of Scottish consumers. 73% of visitors from Europe and 80% from the rest of the world put local food and drink in their top 5 visitor experiences.

### Connect Local One Year On

Launched in July 2016, Connect Local is scheduled to run until June 2020. The service is free for businesses, organisations and groups located in Scotland, providing advice, links and connections between companies, organisations and other industry resources with the aim of growing and strengthening the Scottish local food and drink economy.

The objectives of the service are to:

- Strengthen the local food and drink supply chain and improve supply chain communications.
- Build connections between local producers, entrepreneurs, micro-businesses and SMEs.
- Boost economic growth by encouraging the production and use of local food and drink.

Delivery is focused on two main areas:

- Supporting business growth through capability, capacity, branding and marketing development.
- Providing advice or signposting businesses to appropriate existing organisations.

In the first year, the Connect Local team have travelled the length and breadth of the country responding to enquiries and requests that demonstrate a dynamic and growing interest in local food in Scotland.

Over 250 enquiries from individuals and businesses were received; 18 regional or sector specific common interest groups supported; nearly 200 trading introductions made and 12 workshops were delivered.

### Continued support from Connect Local

The team from Connect Local will be focusing on four main areas:

- A continuation of the business advisory and signposting activity, encouraging collaboration and business growth.
- Connect Local is providing a series of capability and capacity building workshops to support suppliers and buyers in the run up to Scotland Food & Drink's Showcasing Scotland regional events - dates below.

Regional Showcase	Dates
West – Hampden Park, Glasgow	7th March 2018
Tayside – Dundee	May 2018
Highlands & Islands – Inverness	September 2018
East – Edinburgh	February 2019
North East – Aberdeen	May 2019
Highlands & Islands – TBC	June 2019

Further details of these events can be found at [www.showcasing.scot](http://www.showcasing.scot)

- Supporting the Scottish Food Tourism Action Plan by connecting local food and drink producers with tourism venues, activities and events.
- Assisting in the delivery of the Seafood Scotland UK Market Strategy designed to grow the market for Scottish seafood.

Connect Local also collaborates closely with other industry support initiatives such as the Farm Advisory Service, the Rural Innovation Support Service (RISS) and Market Driven Supply Chains (MDSC), as well as directing businesses to other funding and information sources.

If you are interested in any of the Connect Local activities visit the website at: [www.connectlocal.scot](http://www.connectlocal.scot) and complete an enquiry form, or email [info@connectlocal.scot](mailto:info@connectlocal.scot). You can also follow Connect Local on Twitter - @ConnectLocalSC and LinkedIn at Connect Local – Scotland to see information on the latest activities and events.

[paul.mayfield@sac.co.uk](mailto:paul.mayfield@sac.co.uk), 07825 552220



# Management Matters: Feed and Forage Update

Commodity	Price for bulk delivery (£/t)	Commodity	Price for bulk delivery (£/t)
Soyameal	310	Potatoes	N/A
Rapemeal	200	Draff	35-40
Sugar Beet Pulp	175	Dairy Compound 18%	200
Wheat Dark Grains	195	Beef Blend	175
Biscuit Meal	180	Lamb Finisher Pellets	200
Soya Hulls	183	Pig Grower	230
Molaferm 20	182 (10t)	Pig Finisher	215
Pot Ale	77	Dry Sow	200

Animal health	Product Detail	(£ ex VAT)	Fodder	Ex farm (£/tonne/bale)
Pour – On Wormer	Ivomec 2.5ltr	48	Hay (4x4)*	30-35/bale
Drench Wormer	Panacur Sheep 10.1ltr	65	Silage (4x4)*	15-25/bale
Drench Wormer	Ivomec Supercattle 500 ml	145	Straw (Quads)	100
Magnesium (bottle)	Mg Sulphate 400 ml	3.50	Straw (Rounds)	100
Calcium (bottle)	Ca + M40 400 ml	3.75		
Flukicide	Fasinex 240 0.8ltr	79		

**Note:** the above prices for straights are a guide for December 2017 at time of writing (23<sup>rd</sup> November), based on 29t loads, they are a guide only and may vary from region to region.

\* Wide variation in prices depending on the area/quality.

Although the soya market has remained relatively steady over the last few months, there is suggestion that traders are watching the weather very carefully. Large users of soya are advised to keep in touch with suppliers and consider taking more cover in the short-term, the upside of doing this could be huge compared to the downside of doing nothing.

The sugar beet price is up a bit (due to other fibres increasing in price) from the beginning of the winter with the first offer being withdrawn. Soya hulls are particularly poor value compared to sugar beet, with demand outstripping supply with them being oversold.

Draff and some other distillery products are still very tight in supply with the increase in AD plants. Wheat dark grains still look good value, as does rapemeal for protein. The dark grain price has firmed a bit in recent days with the announcement that Vivergo would be closing for longer this winter, bringing forward and extending their annual plant maintenance work. The ethanol price has collapsed across Europe (excess sugar beet in EU to make Ethanol just now) and it is likely also not cost effective for these plants in current market conditions.

Feed barley is creeping up a bit with reports of £130-132/t ex farm, potatoes are not greatly available at the moment due to the poor price for ware. With lack of orders and produce not shifting, there is nothing moving. Stockfeed potatoes may save the day at some point it is just a matter of when.

Forage is the big concern this winter and action really does need to be taken now to ensure farms have enough supplies. Quantity and quality is down in many cases due to the summer. It can't be emphasised enough the value of taking an hour or two to look at what you have at home and planning rations to use what forage you have wisely over the coming months. Straw is very scarce with supplier farms in the east also very tight, some out of stock already, and reports of traders heading south to purchase straw (where it is also tight). Please do contact your local consultant if you are concerned, before it is too late, we are here to help.

[karen.stewart@sac.co.uk](mailto:karen.stewart@sac.co.uk), 07796 615719

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## Key economic data

General Indicators		Price indices for September 2017 (Defra 2010 = 100)			
		Output Prices		Input Prices	
Base interest rate	0.50% (0.25% Nov '17)	Wheat	116.4	Seeds (all)	97.6
ECB interest rate	0.00% (0.05% Mar '16)	Barley	122.0	Energy	108.3
UK (CPI) inflation rate	3.0% (target 2%)	Oats	123.6	Fertiliser	95.1
UK GDP growth rate	0.4% (Q3 '17)	Potatoes (Main Crop)	106.3	Agro-chemicals (all)	111.2
FTSE 100	7,310 (1 Dec '17)	Cattle and Calves	132.3	Feedstuffs	111.3
		Pigs	113.5	Machinery R&M	115.6
		Sheep and Lambs	100.9	Building R&M	114.8
		Milk	122.9	Veterinary services	108.8

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Contact: [janis.forrest@sac.co.uk](mailto:janis.forrest@sac.co.uk) or 0131 603 7525