













**FARM  
ADVISORY  
SERVICE**



# Breeding herds

	Cow Numbers 2011	Cow Numbers 2014	% Reduction
<b>England</b>	<b>759,000</b>	<b>710,000</b>	<b>6%</b>
<b>Scotland</b>	<b>471,000</b>	<b>437,000</b>	<b>7%</b>
<b>Northern Ireland</b>	<b>269,000</b>	<b>255,000</b>	<b>9%</b>
<b>Wales</b>	<b>187,000</b>	<b>168,000</b>	<b>9%</b>

# How is the herd distributed? (14% Holdings with 50% Cows)



Herd Size	Holdings		Cows	
1-19	4214	45%	28114	6%
20-49	2076	22%	68101	16%
50-99	1798	19%	126967	29%
100-149	703	8%	84277	19%
150+	557	6%	129067	30%
Total	9348		436526	

# Upland Suckler Herds Calving Selling Yearling Calves



	2014	2015	2016
<b>Calf Output incl Calf Payment</b>	<b>£841.34</b>	<b>£839.89</b>	<b>£872.26</b>
<b>Less Replacement</b>	<b>86.81</b>	<b>81.33</b>	<b>76.56</b>
<b>Net Output</b>	<b>754.52</b>	<b>758.55</b>	<b>795.71</b>
<b>Feed and Forage</b>	<b>235.67</b>	<b>218.29</b>	<b>217.06</b>
<b>Other Costs</b>	<b>120.22</b>	<b>114.18</b>	<b>125.95</b>
<b>T. Variable Costs</b>	<b>355.89</b>	<b>332.47</b>	<b>343.01</b>
<b>Gross Margin</b>	<b>398.63</b>	<b>426.08</b>	<b>452.70</b>
<b>Fixed Costs</b>	<b>457.02</b>	<b>464.19</b>	<b>480.35</b>
<b>Net Margin</b>	<b>-58.39</b>	<b>-38.11</b>	<b>-27.65</b>
<b>Number Reared</b>	<b>87%</b>	<b>89%</b>	<b>87%</b>

# Past Direct Support



	2004/2005
<b>Suckler Cow Premium</b>	<b>£135.43</b>
<b>Beef National Envelope</b>	<b>£25.39</b>
<b>Beef Special Premium (7 to 20 mths)</b>	<b>£101.57</b>
<b>Beef Special Premium (20 mths plus )</b>	<b>£101.57</b>
<b>Extensification</b>	<b>£54.17</b>
<b>Slaughter Premium</b>	<b>£54.17</b>
<b>Total</b>	<b>£472.30 Cow/Calf</b>
<b>Less Favoured Area</b>	<b>£13/Ha</b>



# Current Direct Support



<b>Scottish Beef Calf Scheme 2015</b>	<b>£74 per Calf or £110(Islands) ish</b>
<b>Scottish Beef Calf Scheme 2016</b>	<b>£91 per Calf or £139(Islands) ish</b>
<b>Increase</b>	<b>£17 and £29</b>
<b>Less Favoured Area</b>	<b>??????</b>

# Rearer Finishers



	2014	2015	2016
<b>Calf Output incl Calf Payment</b>	<b>£1084.89</b>	<b>£1054.30</b>	<b>£1106.18</b>
<b>Less Replacement</b>	<b>98.58</b>	<b>68.50</b>	<b>74.92</b>
<b>Net Output</b>	<b>986.31</b>	<b>985.80</b>	<b>1031.26</b>
<b>Feed and Forage</b>	<b>446.09</b>	<b>342.41</b>	<b>327.94</b>
<b>Other Costs</b>	<b>159.22</b>	<b>153.34</b>	<b>148.82</b>
<b>T. Variable Costs</b>	<b>605.31</b>	<b>495.75</b>	<b>476.76</b>
<b>Gross Margin</b>	<b>381.00</b>	<b>490.05</b>	<b>554.50</b>
<b>Fixed Costs</b>	<b>598.56</b>	<b>568.32</b>	<b>555.07</b>
<b>Net Margin</b>	<b>-217.56</b>	<b>-78.27</b>	<b>-0.57</b>
<b>Number Reared</b>	<b>88%</b>	<b>86%</b>	<b>87%</b>

# Suckler Herds

- It is simple to reduce numbers but the question must be asked
  - “If I sell 20 cows down the road does 20 cows worth of fixed costs go down the road at the same time”.
- Result could be that you increase the fixed cost per livestock unit if no action is taken





# Secret of Profitability = The Three W's

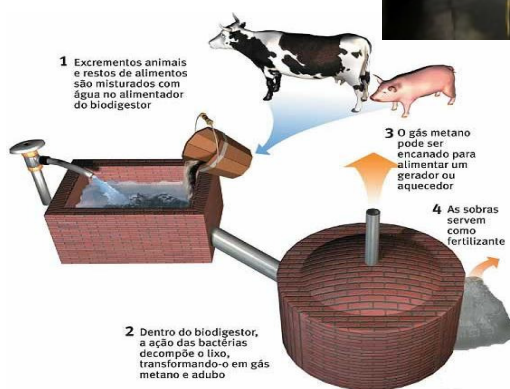


# Secret of Profitability = The Three W's



## Windmills and Working Wives

# Other Enterprises





# Markets

- *Gavin Hill*

	<b>Scotland p/kg DW</b>	<b>Northern Ireland p/kg DW</b>	<b>England /Wales p/kg DW</b>
<b>Sept 2016</b>	<b>378/380</b>	<b>334</b>	<b>334/362</b>
<b>Nov 2016</b>	<b>374</b>	<b>339</b>	<b>349/361</b>
<b>May 2017</b>	<b>370/375</b>		
<b>End Sept 17</b>	<b>387</b>	<b>354</b>	<b>374/380</b>
<b>Oct 2017</b>	<b>380/385</b>	<b>350</b>	<b>365/375</b>
<b>End Nov17</b>	<b>390/393</b> <b>Top U 410</b> <b>Angus 395/400</b>	<b>357</b>	<b>370/379</b>

# Cattle Trade Spring /Summer



- 40p kg DW Higher than this time last year = £140 plus?.
- There was no April, May price dip as in previous years.
- In backend of 2016 stores fell back as finishers showed caution as many would normally be targeted to be finished in April , May which in the last 2 years has been at a very low price. (2015/2016) when they were at very low levels 325p/kg DW. In 2017 it was at 360p/kg Deadweight.
- Finishers feeling more positive as many of these cattle being sold in Spring



# Cattle Trade Autumn /Winter



- 20p kg DW Higher than this time last year = £70+ plus?.
- More continually housed so finished earlier
- Many others slower bring finished due to poor summer/autumn when outside.

# Cattle Trade



- **Reasons**
- Cattle now go away lighter and younger
- Exchange rate means limited imports but good export
- Increase in manufacturing Beef
- Demand is high as Retailers look to position themselves to be loyal to the home market as Brexit approaches
- Numbers have fallen over last few years

# Stores





# Store/Weaned Sales

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# Selling Stores (Dingwall) August



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- **Steers**

- 2017 at 252p/kg (+21.8p)
- 2016 at 231p/kg (-23p)
- 2015 at 254p/kg (+26p)
- 2014 at 228p/kg

- **Heifers**

- 2017 at 240p/kg (+18.1p)
- 2016 at 228p/kg (-18p)
- 2015 at 245.6p/kg (+28p)
- 2014 at 217p/kg

# Store Calf Sales



- Not what it was in August
- Well fed and Bred- similar p/kg but many with less kilos and a lot more feed gone into them
- Weathered cattle - trade reduced
- Finishers were up £160 up on the year but now about £50 /£70
- Straw impact- burners, carrots etc.

# Selling Weaned



Top Weaned Calf Seller- mainly Charolais

Compared to 2016

- Bullocks are 25kg lighter , 18p/kg more = £10 head down
- Heifers are 9kg lighter , 10p/kg lower = £51 head down
- However another £35 per head extra feed this year
- Note- Angus well back

# Store Production



- Store producers are being made more aware that they need to look at selling stores at the optimum time (earlier for many) and at a time when the finishers can take them and then finish at the right stage.
- The majority of finishers want cattle at weaned stage up to 12 to 14 months at the 400 kg plus stage.
- This policy is certainly true with Continental types, whereas many of the maternal type cattle will continue to be kept longer so as to maximise weight and return to the producer. Weaned cattle trade still remains strong and the best policy for many.



# Challenges



- Although Finished cattle and store cattle prices have been favourable in 2017, much scepticism still remains in the Industry
  - Poor returns in livestock farms
  - Uncertainty in regards to Brexit and US Trade deals
  - Poor Forage supply and availability for Winter 2017/2018
  - Straw Shortages and lack of alternatives
  - Costs associated with early housing of cattle

# Thoughts



- Consider selling stock earlier such as January rather than taken to Spring time
- Poor silage – is it cost effective to feed high concentrate levels than sell.
- Calculations what is required in Spring Time Lambing /Calving – help decisions
- Silage quality going into in calf cows.
- Mycotoxins – Binders being used
- Cull cows fed grain heavier and away Mid December onwards

# Future of Herds



- Orkney Concept
  - Farmer uses good maternal bull on his Heifers.
  - Retains some for his own use
  - Rest sold as in calf heifers
  - Farmers who buy them then only need to have a more terminal orientated bull.





# Thank You

