GrainCo news

Summer 2021

www.grainco.co.uk

The North of England & Scotland's leading farmer-owned grain marketing business

A challenging but profitable year for GrainCo

This season hasn't disappointed in surprises which just keep coming.

A year ago the market outlook was subdued with market prices being driven down by cheap maize imports capping the wheat market. Consumers took advantage of the low imported maize values by booking large tonnages forward, combined with milling wheat consumers loading up on imported wheat before the Brexit deadline and its competitive value against UK Milling wheat.

Brexit caused major market price movements due to volatile currency swings combined with the complete unknown of whether a soft or hard Brexit was about to be delivered. The large spring barley crop destroyed premiums for those without contracts and feed barley prices dropped to a £45/t discount to feed wheat, as maize prices rallied due to the emergence of China as a mega buyer of all grains, wheat gained £73/t from its low to high point.

Consolidation in the grain trade continues with Simpsons Malt buying the well-established W N Lindsey. This deal took the market by surprise but in reality, it was inevitable. Whilst Lindsey's was a good, well managed and profitable company it was family-owned and whilst it returned good profits, those profits were always required for continued reinvestment to meet the ever-increasing storage standards and increased health and safety legislation. If the family wanted to withdraw cash, selling was the only way to crystalise its hard-earned profits.

Another deal was done with Armstrong Richardson being sold to Wynnstay. Whilst a much smaller deal, it again highlights in the current market place unless you have a substantial balance sheet and working capital you will struggle to survive.

The latest blow to the market has been the demise of the long-established Alexander Inglis.

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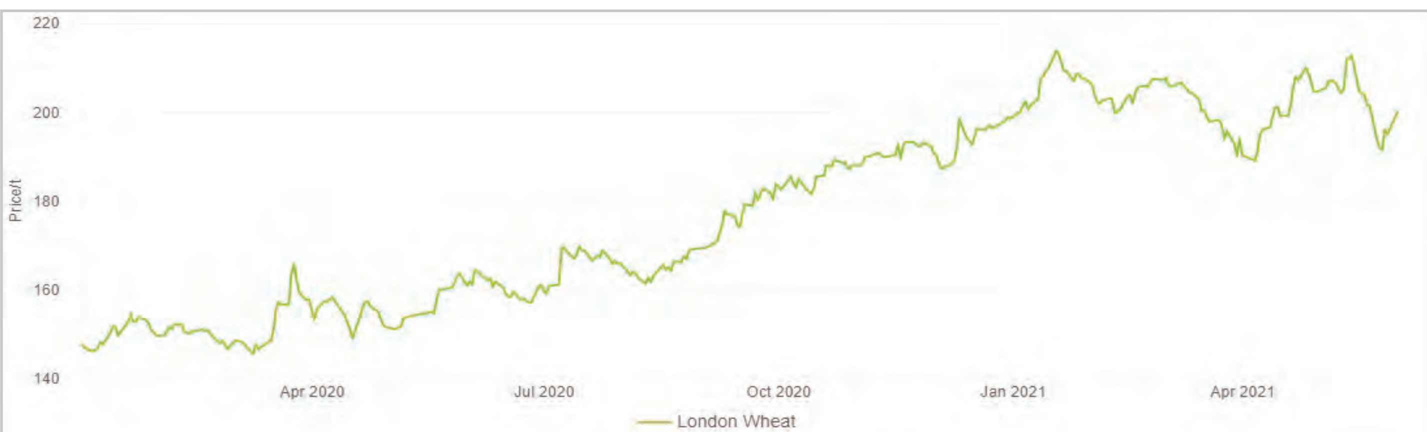
London wheat futures from January 2020 to June 2021



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A challenging but profitable year for GrainCo

Contrary to reports made to date in the farming press, it has become apparent from court paper filed by administrators that a large shortfall of stocks exist to the tune of hundreds and thousands of tonnes of grain. The company, allegedly in December 2019, had a very impressive 30.9 million balance sheet and was half owner of a very large property development on the outskirts of Edinburgh. The question being asked by all concerned is where has all the grain gone? It is feared the answer to this may be a long time coming.

The immediate effect of Mr. Aitken and his fellow board members' actions are they have left farmers high and dry combined with most of the major grain players in the region, plus hauliers and services providers to the agricultural industry.

What has been done has completely undermined the trust within the industry which we all heavily rely upon. We can all make mistakes, we can all do a bad deal and even sometimes lose money but once you have lost what the company can afford you have a responsibility as a Director to stop. This simple point seems to have been lost on the Directors of Alexander Inglis. Whilst GrainCo is involved, GrainCo carries stock insurance and anticipates recovery of our loss incurred. Regardless of any insurance claim GrainCo is fortunate to have had a fantastic trading year combined with a genuine robust balance sheet so this event had no impact on our ongoing operations and business activities.

"... crops are looking much better with wheat production forecasts hitting 15 million tonnes for the 2021 harvest."

Looking forward, given the recent rain, the crops are looking much better with wheat production forecasts hitting 15 million tonnes for the 2021 wheat harvest.

We will be going into the season on bare boards, and imported maize and milling wheat are the reverse of last year looking expensive so all is not lost.

Ensus are currently running on a combo of maize and wheat but with maize availability looking expensive and assuming wheat prices don't go crazy, we will have an easy local market on our doorstep to supply. Vivergo has stated an intention to fire up in the New Year which should further add to the local demand requirements.

Whilst the local supply-demand is relevant to the price premium over the futures, the key to price direction over the next few years is China. This year China is forecast to import 10.5Mt of wheat and 26Mt of maize. The USDA claim China holds 145.43Mt (49.4%) of the world wheat carryover and 198.18Mt (69.9%) of the corn if so why import so much this year?

The USA has created a domestic demand for maize of 133 million tonnes for Biofuel use, the elevated maize prices are now causing real issues for this industry, and talk has started on a review of the US biofuel mandate.

Our experience tell us that food will always trump that of fuel so those developments require watching. Crops in general around the world currently look good but the crucial few months are ahead of us and literally, anything could happen this coming year.

Haulage investments plugs gaps with one eye on harvest '21

As a company, we are consistently looking for ways we can invest money to improve our business.

This year we have invested in the haulage department within GrainCo. With four new wagons and a new trailer joining the fleet permanently alongside two wagons and trailers hired for harvest, expanding our fleet to 13 wagons without counting the reliable local sub-contractors we use.

This decision was made due to the decline in haulage companies operating within the North East, alongside the estimated bumper harvest compared to the poor 2020 harvest. These factors would inevitably result in a large pressure being put on the remaining local haulage companies.

However, by making this investment, we are easing the pressure alongside ensuring our Tynegrain members and GrainCo customers' grain can make the journey off-farm to its chosen destination at the most convenient times.

Geoff Wilson, Transport Manager at GrainCo, has said: "I am over the moon that GrainCo has invested this year in some new wagons. I can't wait for harvest so I can get them on the road to collect our farmer's grain".

This season's UK supply and demand so far

The total cereal demand this season has increased as 2021 has progressed due to an increase in human cereal consumption, caused by the easing of lockdown restrictions resulting in flour and alcohol demand rising.

However, compared to the 2019/2020 season human consumption of cereals is still down due to the prolonged pandemic restrictions and is unlikely to recover before the end of the season. In typical fashion, animal feed demand has slowed as grass growth has picked up, although ruminant feed demand has remained strong due to good meat prices.

WHEAT

The total availability of wheat is estimated to be 5Mt lower than in 2019/2020, resulting in the lowest wheat availability records since the millennium. This dive in availability has been driven by the substantial production decrease in the 19/20 growing season, with only 9.6Mt of wheat being produced in the 2020 harvest, the lowest level in nearly 40 years.

Despite the large decrease in production, the ending stocks for 2021 are estimated to only drop by 1.1Mt due to a substantial increase in imports of 1.1Mt and decrease in exports by 1.3Mt compared to the previous year. This change has been largely caused by Brexit worries and tight domestic supply.

Human and industrial consumption has decreased by 331Kt compared to the previous year, driven by a drop in wheat usage within the bioethanol and starch sectors, caused by the high prices of wheat in comparison to maize. Furthermore, usage of wheat by flour millers is expected to decline year on year due to the COVID-19 pandemic.

Wheat usage in animal feed is expected to decline by nearly 1.5Mt compared to the previous season to 6Mt. This is expected to be caused by an estimated fall in on-farm usage due to high wheat prices, meaning producers would rather cash their wheat in than feed it to their livestock. However, wheat usage in compound feeds has risen slightly since the New Year due to the recent tight availability of barley, resulting in more wheat being included in the ration. Overall, UK feed companies used 16% less wheat in the same period in 2019/2020.

Overall, the balance of total availability and domestic consumption has decreased by over 3Mt compared to 2019/2020. Despite wheat consumption forecast at its lowest level in 20 years, tight availability caused by the poor 2020 harvest results in the UK balance sheet being the tightest it has been in 20 years.

BARLEY

The total availability of barley has shown a slight increase of 319Kt since the New Year compared to the previous season, due to an increase in the import forecast. However, imports are still 22% lower compared to the 2019/2020 period.

As COVID-19 restrictions have eased in 2021, human consumption has picked up. However overall demand is expected to remain fairly restrained due to the lack of major events in the UK.

Barley usage in animal feed has increased by just over 1Mt compared to 2019/2020. This increase in demand was caused by the historically high price differential with other grains, however the large volume of sales eventually caused the price to narrow back in. The price of barley remains largely discounted compared to wheat at a £20/tonne discount. The use of barley on-farm will have further been promoted by the poor start to the grazing season this spring, alongside strength in the beef and lamb markets since January.

The barley export market has been difficult this season due to the poor 2020 grain harvest causing barley price hikes, resulting in the UK barley market being uncompetitive on the global market.

OAT

The oat market has been relatively flat throughout the season with very little change in price since harvest 2020.

Human consumption demand has increased by 2% compared to 2019/2020, despite a 3% decrease in usage within the UK oat milling sector year on year.

Oat usage in animal feed has increased by 10% year on year due to oats being at a significant discount compared to other feed grains this seasons. This has driven rises in on-farm usage and usage in compound feeds.

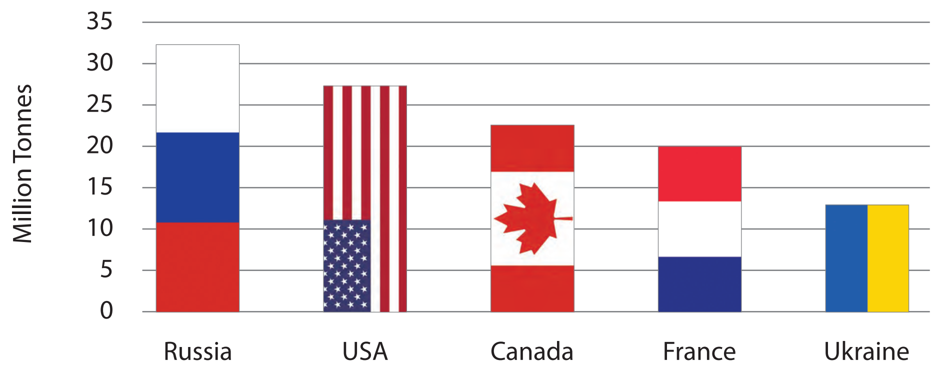
Total availability and domestic consumption of oats has increased throughout the year, but only slightly (27Kt) due to a lowered demand and higher import forecasts. In total, this season's oat exports are 67% smaller year on year.

Russia's influence on grain markets

One of the main contributing factors of this seasons grain market has been the development of Russian export taxes on grain, in particular wheat. Russia has a history of imposing export taxes almost on a whim and given Russia's status as the world's leading wheat exporter, it understandably has a significant effect on global grain markets.

Top 5 global wheat exporters 2019-20

Source: USDA



With a population of around 144 million, Russia has a lot of mouths to feed and given the scale of its land mass, the government is obsessed with the necessity to keep its public on side (particularly in an election year). Coronavirus has meant Russian incomes have fallen with little or no state support. Furthermore with the down-turn in crude oil demand (the bedrock of the Russian economy) the Ruble has tumbled in value and subsequently food inflation rates have risen sharply.

Rumours of export controls began in late March 2020 when the value of the Ruble began to fall as the coronavirus pandemic took hold across the world; a weaker currency made Russian wheat much cheaper for buyers around the world and made the Kremlin anxious that domestic stockpiles may be run down too much. Delays in export certificates made traders suspicious that some form of export restrictions were in the pipeline, with the market trading up as a result, but these eventually fizzled out to nothing.

Fast forward 9 months and discussions around a Russian wheat export tax began to resurface; following a global tightening of supply and demand and with the Ruble still weak, the pace of Russian exports and rising food inflation began to worry the Kremlin. In mid-December a flat tax of around €25/T was introduced to take effect from mid-February till the end of June. At the end of January, this was raised further to a €50/T tax on wheat exports from 1st March – 30th June. Furthermore, a floating tax for the 2021/22 season has also been introduced in an effort to curb exports and keep domestic food inflation down.

But the big question is, do all these sanctions work and what effect will we feel here? For starters, the immediate effect of the export tax was a rise in global wheat values; unsurprisingly when one of the world's biggest wheat exporters announces it is going to limit exports the market views it as bullish. It did however spur Russian farmers on to sell grain in the short term. Faced with the option of selling spot or selling in a few months' time but with a significant tax added, most opted for the former. As a consequence, wheat exports prior to the 15th of February'21 were over 30% higher than the year before with around 1.6MMT exported in the first full week of February alone.

More significantly, and possibly in the long term more bullish, is the effect the tax and the additional floating tax will have on the cropping decisions of Russian farmers this spring. With 30% of Russian wheat acreage made up of spring wheat, farmers currently face the choice of continuing with spring wheat but being subject to taxes, or switching to other crops such as sugar beet, sunflowers, canola and soya which are tax-free (soya in particular would be very attractive given the incredibly tight world soya stocks).

Russian farmers had sown a record acreage of winter wheat in the autumn (circa 19 million hectares) but this was before talk of an export tax emerged.

A drier-than-average autumn has left concerns over the state of the Russian winter wheat crop; normally failed winter wheat would be re-drilled with spring but as mentioned earlier this may not now be the case.

Conceivably the Kremlin's decision to impose an export tax as a means of reducing food inflation may actually backfire: against a back drop of a tightening in global grain stocks they should be encouraging farmers to drill more wheat-acres instead of incentivising them to sow fewer. For wheat prices domestically though a reduction in the Russian wheat crop and a limiting of their exports will only bolster prices within Europe; Russia is the main competition for exports to North Africa and so buyers will be looking further afield to fill their requirements.

Prices analysis: Wheat vs. Fertiliser

The last nine months has seen sharp rises across the majority of agricultural commodity classes; what began with a strengthening in domestic wheat prices has continued across the world, with soya and corn making particularly large gains. Where grains lead, associated agricultural prices inevitably follow and fertiliser is no exception.

Shortly after last year's harvest, UK ammonium nitrate (AN) was trading at around £215/t for immediate delivery and the best value imported equivalent at £205. Fast forward five months to mid-June and new season UK AN is now £295/t and the best value imported product is £288/t. Both UK and imported AN prices have gone up by at least £80-90/t over the same period domestic wheat prices have only risen around £20/t. So what justifies this surge in prices, and is there still value to be had in our fertiliser market?

For starters, since harvest our domestic wheat price has gone from around £160/t to a peak of £217 – an increase of 35%. The increase in fertiliser from October to now in comparison is around 36%. More importantly though is the increase of global grain and oilseed values since the turn of the year; both soya and corn prices have seen significant gains through January and February as a result of a much tighter global supply and demand picture. As a consequence, not only do higher grain prices mean that worldwide, farmers can afford to pay more for fertiliser, it also means that global production is likely to increase and so demand for fertiliser will increase.

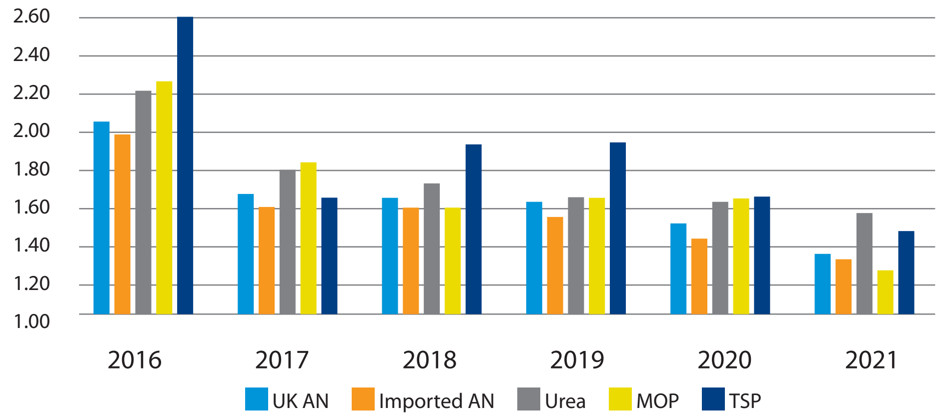
The question is, despite these price increases, does the current fertiliser market offer good value. The most straight forward and common way of doing this is to compare fertiliser and wheat values. For this example I've used spot prices taken in the February of each year with the addition of new season values from June this year.

Although **Table 1** is not exactly scientific, it does offer a good insight as to where we are now, which is that broadly fertiliser prices are still offering reasonable value given the relative strength of old crop wheat. To take this a step further it is worth looking at the direct ratio between fertiliser price and wheat price (i.e. how much wheat would you have to sell to buy a tonne of fertiliser).

Table 1 – UK Agricultural Commodity Prices 2016-2021. Wheat price is an average of Ex Farm North Yorkshire prices paid in the February of each year.

	2016	2017	2018	2019	2020	2021	June 21
Spot Wheat	£106.00	£150.00	£147.00	£171.00	£153.00	£204.00	£200.00
UK AN	£217.00	£251.00	£243.00	£280.00	£232.00	£275.00	£295.00
Imported AN	£210.00	£239.00	£235.00	£265.00	£218.00	£268.00	£290.00
Urea	£235.00	£270.00	£255.00	£284.00	£250.00	£320.00	£366.00
MOP	£240.00	£276.00	£236.00	£283.00	£253.00	£255.00	£285.00
TSP	£275.00	£247.00	£287.00	£337.00	£255.00	£300.00	£425.00

Table 2 – Ratio of wheat price to fertiliser price



"... fertiliser prices are still offering reasonable value given the relative strength of old crop wheat."

Table 2 shows that as things stand at the moment, prices are still well within the average range we've seen over the last 5 years relative to wheat, the only exceptions to that rule being Granular Urea and TSP following a year of lower prices and a recent severe uptick in demand (particularly for TSP). With regards to new season prices, given the incredibly uncertain nature of commodity markets, the current AN prices (despite being higher than we've seen for some time) still offer value for those who are usually buyers at this time of year. If grain commodities remain relatively buoyant over the next six months it is difficult to see values drifting far below the current range.

The only conditions being applied to the comparison between historic fertiliser prices and spot wheat values is the assumption that fertiliser bought in February would be paid for with wheat sold in February and applied to a growing crop. When comparing June bought fertiliser to old crop wheat this throws up a slight issue in the fact that the fertiliser would generally not be applied until the following year. In some ways a fairer comparison to make would be against the new crop wheat price; in this example taking a November'21 price of £175 ex farm gives a Wheat : AN ratio of 1.69, which although higher than we've seen over the last couple of years is still comfortably around the average for the last five years.

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Rye-opening options for growers with the appeal of high yield and low production costs

Over the last decade the Hybrid Rye acreage has steadily increased across Northern Europe, particularly in Denmark, Germany and Spain, however uptake here in the UK has been far lower. Farmers in both Yorkshire and the North East are however beginning to consider incorporating hybrid rye as a replacement for either second wheats or other cereal crops within the rotation.

On light soils where both winter wheat and barley crops have performed poorly, particularly over the last few years where we have encountered pro-longed dry spells during late spring/early summer, hybrid rye will perform much better due to its inherent low water-demand (approximately 25% lower than wheat).

In agronomic terms, hybrid rye also offers something different to most white strawed crops; it has a high take-all resistance meaning it can be grown in rotation with wheat and also suffers much less from foliar diseases such as Septoria and Yellow Rust. Furthermore, the nitrogen requirement for cereal crop of hybrid rye is around 120-150kg/n per ha, on average around 100kg/ha less than a second wheat.

Traditionally the major snag with rye has been marketing the grain; uptake within the domestic feed market is low. Furthermore, milling and distilling markets are limited and unlikely to develop. However, pig producers in northern Europe, the USA and Canada are increasingly including rye into their feed-rations because of the multiple benefits rye offers. Studies have shown that including rye into pig feed greatly reduces incidence of tail biting whilst also reducing gut ulceration and generally increasing digestive health.

Hybrid rye requires less hydration.

With the ever-increasing number of pigs reared in Yorkshire and the North-East, interest in rye is beginning to grow. Dave Stephenson, Head of Pig and Poultry at Harbro says "we're starting to see increased interest in Rye inclusion for pig rations here in the UK, especially for those pig producers with their own mills".

Dave went on to say "The benefits of including rye into pig rations are well known, and as a crop it does offer something different for arable farmers. It's been a bit of a 'chicken-and-egg' situation up until now and we still need more growers to take the plunge, but there does seem to be much more interest in using the grain domestically".

Rye grain tends to trade somewhere between wheat and barley, which given the high grain yield and low cost of production, should offer a reasonably attractive margin, especially on poor quality land.

A high straw yield can also bring additional income whilst the crops immense spring vigour makes it highly competitive against blackgrass.

GrainCo are able to supply a range of different varieties from both KWS and Elsoms with over-year'd seed still available for delivery.

If you are interested in growing hybrid rye or would like to discuss the crop the further, please contact Mike Temple on ***07867 395269*** *or email* ***michael.temple@grainco.co.uk.***

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Prices analysis: Wheat vs. Fertiliser

The other point to make is in regards to 2016; the figures from this year show the highest ratio between wheat and fertiliser across the five years shown. It is I worth remembering that 2015 was a particularly large harvest both domestically and across the world – as a consequence grain prices came under significant pressure whereas fertiliser prices were still strong following large world plantings the spring before. When new season prices came out in the June of 2016 they were much lower than the spot prices shown here as a result of the much lower grain values.

The conclusion to take from this is that fertiliser prices will always lag behind grain prices; when grain prices are high there is always an opportunity to buy fertiliser before the fertiliser prices catch up. Likewise, when grain prices fall, the fertiliser price will always take longer to readjust down in-line with grain. With a tighter global grain supply and demand picture grain prices should remain relatively buoyant in the short term and so new season prices should still offer good value to those who can take delivery.

Tri-Grain Ltd

Agriculture has the worst rate of worker fatal injury out of all the main industrial sectors.

Are you doing everything you can as a business owner to make sure yourself and your staff are safe?

Is your business compliant with current Health & Safety requirements?

If not, Tri-Grain is the solution.

Tri-Grain offers a range of Health & Safety courses covering subjects such as:

- **First Aid**
- **Trailer Testing**
- **Forklift Training, plus many more**

Tri-Grain can also offer annual Health & Safety Training Workshops for your business.

"The workshop was extremely informative and will enable us to ensure our business is compliant with all aspects of Health & Safety"

– Peter Jackson, Farmer

For more information visit **www.tri-grain.co.uk** or contact Kevin on **07584 816558** or **kevin.skelly@tri-grain.co.uk**

Malting barley market has little to cheer after a year of reduced brewing demand

It can only be said that with all that has happened in the last 12 months the hospitality sector must be the one that has been hardest right across the board hit by the pandemic.

The Brewing Trade is well down on last year. The British Brewing & Pub Association (BBPA) has estimated that sales in the industry are down 56% year on year for 2020.

The devastating impact of COVID-19 on the pub sector has seen an estimated 6000 pubs having to close permanently last year due to the lockdowns and on the back of this an figure around 70 million pints have had to be thrown away. Barrelled beer in particular that once it's returned to the brewery has no shelf life at all unlike lager which can be kept for up to four months or real ales which can still be kept for up nine weeks before being sent back.

Many smaller breweries will struggle to reopen once restrictions are lifted. It's only really the Brewers that have canning and bottling lines that are producing and at best they are at 50% capacity. It hasn't been all doom and gloom for the brewing sector as home beer consumption has nearly trebled over the last year but this is still well behind the demand created in pubs.

You can see and understand how the smaller breweries will struggle as even the might of Heineken have had to make 10% of their worldwide workforce redundant.

The impact of Covid on the distilling sector is slightly more difficult to gauge and probably won't be known until after Covid is a distant memory. Most distillers are running at around

The malting barley sector suffered from less brewing demand

75% capacity. However Diageo are planning on cutting production and are looking at closing a maltings for a year.

From the marketing side there is very little happening within the sector. We have been seeing more and more cash settling in the UK over the last month with poor beer sales and malt demand reduced.

In Europe the market is well covered and is only looking at June onwards.

Premiums for Harvest 21 still look to be promising and could increase if the weather doesn't start behaving itself, the pubs reopen and maltster's return to capacity there will be good demand for crop 21 as the quality of the 20 crop was poor.

Our advice – keep grow malting barley!

Check your contract balances online with GrainCo

What do you do?

Log onto our online ***Fast Track*** accounts/admin system via the GrainCo website **www.grainco.co.uk**

Don't have your login details?

If you don't have your username and password please contact **Mark Bell** on **0191 428 7702.**

Check your account online

This useful service enables you to track deliveries, check collected weights, contract balances, forward commitments, invoices etc online 24/7.

GrainCo website

Visit our website and your will find information about...

- Grain markets and pool results
- Company financial accounts
- Seed and fertiliser
- Upcoming events and training courses

GrainCo

PelletCo Ltd

Keeping the United Kingdom warm

Since its inception in October 2016, PelletCo has shown exceptional growth in the retailing of bagged wood pellets to customers all over the UK. With deliveries stretching from Lizard Point in Cornwall to Forres on the Moray Coast of Northern Scotland the company now has thousands of customers who rely on the quality of products and service levels that PelletCo provides.

Online retailing, being a new market for the Tynegrain Group of Companies, has certainly been 'learn as you go' journey for the company. The key elements to the success of the business has been the following:

- ✔ **Sourcing excellent products with good supply lines**
- ✔ **Partnering with a best and most efficient pallet network**
- ✔ **Having a very strong online presence**
- ✔ **Providing the highest possible level of customer service**

PelletCo now supply two main brands **MMRoyal** and **Virgin** bagged wood pellets, both offering an excellent quality pellet and the best value and service in the market. It is no surprise that in the five years of trading the company is supplying over 10% of the perceived UK bagged wood pellet market and continues to grow year on year.

Both MMRoyals and Virgin wood pellets are ENplus A1, FSC accredited and registered on the Biomass Suppliers List (BSL), which ensures the wood pellets are of highest quality and sustainability standards possible.

What are the main uses?

PelletCo's quality wood pellets have many uses, the main ones being:

- ✔ **Burning in Boilers and Wood Stoves**
- ✔ **Horse bedding – luxury and cost effective**
- ✔ **BBQ and portable oven fuel**
- ✔ **Cat litter – super absorbent and naturally scented**

PelletCo can also source and supply wood pellets in metric tonne tote bags (ENplus A1), bulk wood chip, bulk or tote bagged Oat Husk Pellets and bulk wood dust.

Biomass trading and services are an excellent synergy for the Tynegrain Group of Companies as provides additional work for our staff outside traditional grain 'busy times' and is also a great compliment for the physical assets the company has.

These diversifications are vital to the profitability of our stores and we would like to extend a big thanks to all staff who have embraced the change and contributed to making them a huge success.

"We have had a biomass boiler for the last decade and PelletCo provide a first class delivery service, top class product at the best price in the market."

Paul Temple
Farmer, East Yorkshire and Former Vice- President NFU & HGCA Chairman

"PelletCo wood pellets are very easy to use and economical. Our horses love the beds and the delivery service is excellent."

Leslie Barwise
X-Country Vet Team London 2012, Rio 2016 and past President BEVA. Hon Vice President NEWC

"I have dealt with PelletCo since it began in 2016 and have to say that both the quality of the wood pellets and the service provided have been impeccable."

Craig Little
Partner with Greaves West & Ayre and member of the Chartered Accountants of Scotland

Want to know more?

For more information and prices please visit

www.pelletco.co.uk

or

call the office on

0191 4287700

Beans market update: Recovery on the horizon after the 'perfect storm' of 2020

The 2020 UK bean crop suffered a perfect storm which destroyed the traditional market for Human consumption in the countries of the Arabic crescent, mainly Egypt. UK beans are consumed in restaurants, schools, construction sites (of which there are many) and by the Army. They are not consumed in the homes of the people.

In 2020 we had a huge-planted area of spring beans in the UK. Consequently, the expected supply was predicted to be the biggest for 20 years. Unfortunately, due to Australian farmers improved knowledge of growing crops in a desert, they also had a huge supply predicted - with beans being grown in Queensland for the first time in 3 years.

Back in Egypt, thanks to the "C-Word" all our consumers were locked-down at home consuming Aussie beans in cans as opposed to lovely UK beans.

Harvest 2020 in the UK turned out to be a disaster. The huge area produced disastrous yields and even worse quality especially in crops grown south of the Humber. We then had Brexit to deal with, we also saw currency firming from \$1.23 to \$1.37 which added \$40/tonne to the price of UK beans. There was near collapse of the container shipping system with 100's of containers loaded with beans sat at ports with no signs of shipping. From a sellers point of view even more of a disaster as no beans being shipped out meant no money coming in.

As a result, the UK will export no more than 50,000 tonnes to these markets from the 2020 crop as opposed to our normal run-rate of minimum 200,000 tonnes.

Fortunately, for arable farmers, the record high price of imported soya meant compounders went in search of cheaper protein source to include in their rations, they found beans. This supported the price of animal feed quality and put the final nail in the coffin for quality exports.

Beans being loaded for export from one of our stores.

"Harvest 2020 in the UK turned out to be a disaster. The huge area produced disastrous yields and even worse quality especially in crops grown south of the Humber. "

Looking forward to the 2021 harvest all these factors are still relevant and until we can get back to the C-word meaning Christmas demand for our beans, things will not improve in Egypt. However, Brexit is done, people are getting jabbed, life may return to normal by the summer. We have recorded the lowest temperatures in years in the last few weeks which will have hopefully killed off all over-wintering bruchid beetles and lead to a much better quality crop. A problem the Australian's seem to never suffer from even though they have the ideal climate for them.

In 2020 the world changed for ever and it may mean at our level that our traditional market has changed from export quality beans to feed people, to domestic demand to feed our livestock to then feed people. Whichever market becomes boss, the market is always the boss, and the demand for beans has never been stronger with many competing outlets.

With BPS disappearing and as-yet our future as farmers under ELM's uncertain there is no doubt in my mind that growing pulses and especially beans will be encouraged and supported by DEFRA. We only need look at what has already been announced in Ireland to support the growing of beans to be certain of that.

Suffice to say the demand for beans has never been stronger and you can grow them with confidence. The 2021 harvest should be full of opportunities for our growers. We without doubt can produce the best quality beans in our area and that will surely give us an advantage. GrainCo has strong relationships with a range of consumers. For example Wherry and Sons, who are continuing to support GrainCo and have markets for both human consumption and feed beans, so outlets can be found for all growers.

Beans being loaded for export from one of our stores.

The environmental future of UK farming

Although Brexit has provided higher than average grain and oilseed prices, this year onwards Brexit will come with its challenges to farmers due to the phasing out of government support. The government will continue their support via Environmental Land Management Schemes (ELMS), an enhanced version of the current agri-environment payments.

By providing environmental-based support payments the government is aiming for farmers to be able to run environmentally sustainable businesses that don't rely on public subsidy. Instead, farmers who take part in ELMS will receive low-risk payments for the actions they make and will not solely rely on income from volatile markets.

The government have separated ELMS into three components: Sustainable Farming Incentive (SFI), Local Nature Recovery and Landscape Recovery. The SFI component provides an opportunity for most farmers to make small changes in their production and include main elements of the current agri-environment schemes. The Local Nature Recovery and Landscape Recovery components will be similar to higher-level stewardship agreements.

Core elements of the SFI will be available from 2022, therefore farmers must begin to start thinking about entering current agri-environment schemes to make them eligible for elements of ELMS. Particularly since AHDB estimate that 79% of farm business income is via government support which will begin to be phased out in 2021.

Planting flower mixes in field margins and wild bird covers in low yielding areas of fields are simple but effective aspects of current stewardships projected to be included in ELMS. Options such as wild bird covers also have an extra added benefit of being able to be utilised for game shooting, which can either support an existing shoot or help farms diversify to further support their business income.

How environmentally-friendly is your farm?

Key elements of the SFI will focus on soil management, integrated pest management, nutrient management and livestock management. Therefore using principles such as cover crops and legumes will become increasingly important if farms are to continue to receive government support. For example, planting a brassica cover crop such as stubble turnips in late August then planting a spring cereal crop or extending the arable rotation to include a grassland legume mix. These options can improve soil health by increasing soil organic matter content and improve nutrient availability, which in turn provides an opportunity for yields to increase and input costs decrease.

Many may believe that by moving towards these schemes, they will have to reduce the amount of farming activity they carry out – this is untrue. If anything moving towards these schemes will provide opportunities to support new enterprise avenues which reduce income risk. Furthermore, they can also support joint ventures with neighbouring farmers via grazing licenses or selling grass crops for silage.

Land which could be eligible for environmental schemes can be identified via the use of precision agriculture mapping systems such as Rhiza, which can supply yield data for farms. This technology enables land which is consistently yielding lower than the farm average, and are therefore a cost to profit, to be identified.

Converting marginal agricultural production land into land with environmental purposes can improve overall business performance by reducing overall costs whilst obtaining a low-risk government payment.

Here at GrainCo, we offer a range of seed mixes which are eligible in current agri-environment schemes. Therefore if you would like to get ahead and begin to utilise your farms environmental potential whilst supporting your business income, please contact Ellie Burn at **ellie.burn@grainco.co.uk**

Case study

Mike Lewis, a Tynegrain member, who farms in South Northumberland has used a variety of environmental seed mixes on his farm over the years:

Mike has used both flower and wild bird mixes to promote biodiversity and wildlife on his farm, while gaining government funding for his efforts. In current mid-tier Countryside Stewardship agreements, wild bird covers provide a payment of £640 per hectare, which not only covers the cost of seed but also provides extra cash that he can use towards fertiliser and arable crop seeds.

Mike commented, "Since planting areas of wild bird seed and flowers I have seen an increase in the amount of wildlife I now see on the farm. It is great to see that my efforts have made a difference, and that by doing this I can generate an income which can support my farming enterprises".

Liquid fertiliser benefits yields and the environment – with reduced labour costs

Typically the fertiliser industry has been dominated by granular products, however liquid products are now gaining popularity due to the many environmental and economic benefits they provide to farmers.

Liquid fertilisers are commonly used in Nitrogen application, and offer a like-for-like price per unit when comparing them to UK AN and Imported AN. Liquid fertilisers can also contain major nutrients such as phosphate, which when ground applied can result in a 30% increase of total rooting area in cereals and OSR compared to their granular counterparts.

Liquid fertiliser provides faster results than granular fertilisers as nutrients are more readily available due to being applied directly to leaves via foliar application, or by being held in a water solution which increases nutrient uptake within soils.

Speedy nutrient uptake not only benefits crops but benefits the environment as fast uptake reduces nutrient losses. Losses via leaching have been reduced by 49.5% in liquid fertilisers due to the addition of urease inhibitors to the solution. This, therefore, ensures that the crop receives the full dose of nutrients required, and the farmer gets the result they have paid for.

Further losses can be prevented as sprayed application ensures fertiliser is accurately and evenly up to the field margins. The 20% improved accuracy that liquid fertilisers offer prevents wastage which can have detrimental impacts the environment and results in fertiliser being spread unnecessarily and therefore incurring unnecessary costs. Accuracy can be further improved by combining liquid fertiliser with precision agriculture systems such as Rhiza.

Using modern liquid fertilisers can further benefit the environment, as they emit 66% less nitrous oxide than previous variants of liquid fertiliser and granular competitors. This not only impacts directly upon the surrounding environment of the farm, but can also be useful for farms aiming to reduce their greenhouse gas emissions by farming alongside the environment.

Using modern liquid fertilisers benefit the environment.

Applying the correct amount of fertiliser up to the field margins can have great impacts upon yields and grain quality. For example, studies have shown yield increases of up to 3.6t/ha in wheat alongside grains achieving quality specifications such as milling premiums. These applications can therefore improve headland management and increase yield averages that can see a larger return to the farmer.

More economic benefits are gained due to a reduced capital requirement, as a sprayer can be used for both fertiliser and crop protection products, removing the need for a tractor-mounted fertiliser spreader. There is also no need for handling equipment as liquid fertiliser is easier to handle and apply, therefore reducing labour demand.

Additional labour savings can be made by utilising liquid fertilisers as some crop protection products can be mixed with suspension liquid fertilisers. This results in reduced field traffic and the potential to drastically reduce the amount of machinery passes in a crop.

Farm storage can also be optimised by using liquid fertilisers rather than granular products. This is because liquid fertilisers are stored in storage tanks which are arranged at the time of purchase. This, therefore, results in more shed space being available for grain storage, helping farmers make use of market prices throughout the year. Any remaining fertiliser at the end of a year can also be easily stored to the next season without any losses being incurred.

Liquid fertilisers should therefore be considered in both arable and grassland nutrient plans as they can play role a crucial in reducing costs whilst boosting results, which as government support is phased out will become crucial for farm business survival.

Here at GrainCo we work with OMEX, which is the UK's largest independent manufacturer of liquid fertilisers. For more information on how liquid fertilisers can work on your farm, please get in touch with your rep or contact the main office on ***01914 287 700.***

GrainCo

Convert a good yield into a GREAT ONE!

KICK-OFF

a bio stimulant for application to seed prior to drilling.

The GrainCo seed plant are now proud users of Kick-Off, a premium seed dressing containing both macro and micro nutrients, to aid rapid emergence and establishment in wheat, barley and oats.

At **£45 per tone**, Kick-Off is a no-brainer to use on your cereal seed to maximise performance and financial return.

Phosphite and Phosphate

Manganese + Zinc

Nitrogen
Potassium Sulphur

Yield estimations with RHIZA

Over the past year, RHIZA account manager Jonathan Hector, has been working with Tynegrain growers to help simplify in-field management and decision making with a range of powerful tools. Supported by RHIZA's platform Contour to highlight and adapt to potential in-field variances, the BASE package includes satellite field data, hyperlocal weather data, pest and disease models and yield estimator.

Currently in **BETA** phase, Contour's yield estimation tool combines Synthetic Aperture Radar (SAR), local weather, variety and drilling date to deliver a very accurate picture of crop biomass. With this information Contour can deliver insight about the crop in the field and accurately predict growth stage, green area index, leaf area index and crop biomass.

Using these four metrics, Contour can then estimate potential crop yield of winter wheat and barley. Other crops such as oilseed rape and spring barley are also being tested. From March onwards the yield predictor starts to build a crop model that forecasts each fields potential yield.

Growth stage, leaf area index and green area index information can be critical when managing crops in a catchy spring, helping farmers and agronomists with decision making around application timings and nitrogen inputs. Yield estimations whilst dependant on weather outcomes in late spring can aid growers with decisions on storage capacity and futures sales forecasting.

"The main benefit to Tynegrain and their growers is the ability to estimate how much grain is likely to be produced at harvest, allowing Tynegrain to better manage their grower's positions", said Jonathan Hector.

Jonathan has been helping growers to use these powerful insights to plan where best to allocate grower resource and help increase farm profitability. If you would like to find out more about **RHIZA** contact David Young or Jonathan Hector for more information.

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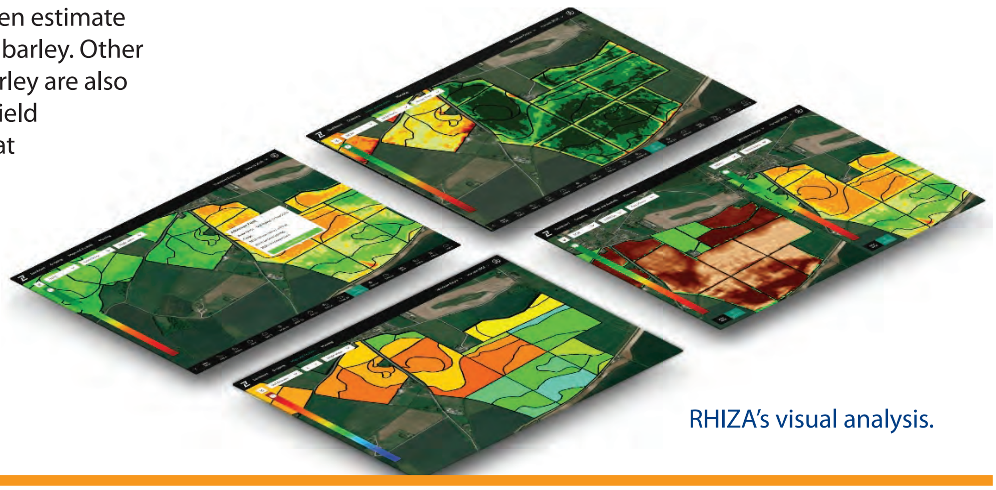

RHIZA's visual analysis.

GrainCo pool marketing results

Pool		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Harvest Pool	Wheat	£118.50	£120.25	£140.50	£172.50	£140.00	£169.25
	Barley	£103.50	£102.25	£118.00	£154.00	£124.50	£128.00
	OSR	£248.50	£293.25	£311.50	£312.00	£324.00	£330.00
Short Pool	Wheat	£117.50	£131.50	£145.00	£175.00	£145.00	£177.75
	Barley	£109.50	£112.50	£128.00	£168.00	£130.00	£137.50
	OSR	£258.50	£328.00	£311.25	£325.00	£330.00	£350.00
Long Pool	Wheat	£120.00	£142.00	£151.50	£173.00	£151.50	£187.25
	Barley	£109.00	£121.50	£132.50	£164.25	£132.00	£160.00
	OSR	£265.25	£333.50	£302.50	£318.00	£330.00	£381.00
Post-Harvest Long Pool	Wheat	£114.00	£147.00	£155.00	£173.50	£155.00	£200.00
	Barley	£106.50	£124.00	£133.00	£164.25	£132.50	£165.00
	OSR	£263.25	£341.00	£302.50	£318.00	£332.00	£395.00

Final Payment Dates: Harvest Pool 15th October / Short Pool 31st January / Long Pool 30th June

ANNUAL COST OF RURAL CRIME £54.3M

OUR FIGHT AGAINST RURAL CRIME

Spikes in crimes such as livestock rustling and machinery thefts show criminals are continuing to target the countryside, eager to cash in on the COVID-19 crisis and year on year increase in criminal activity in rural areas.

With farmers focused on finding new ways to work safely while keeping the nation fed, the cost of livestock theft alone has risen by nearly 15% year on year as rustlers take advantage of the increased demand for food.

Compounded by the extra pressure of COVID-19, these crimes can seriously affect the wellbeing of farmers working long hours and often in isolation.

It is now more important than ever that we work together to take back control.

The Protector Group will assess your exact needs and recommend a physical system and/or working process that will innovate whilst integrating with your existing technology.

Our objective is to strike a balance between risk and budget by introducing the best performing solution to meet your individual needs.

To further improve cost effect, The Protector Group is able to structure a financial solution to suit you. **Contact John Daniels john.daniels@protectorsecurity.co.uk**

Who's who at GrainCo

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