



Intelligence from the Regions – April 2010

Status

Twice a year staff of the RBR provide up to the minute information from their Regions on what is happening on farms and local markets together with a summary of current attitudes and concerns. The website; <http://www.fbpartnership.co.uk> will carry the latest collated report. Comments are welcome as well as any queries; please contact the Editor; philip.robertson@nottingham.ac.uk

This information is provided by RBR staff and every effort is made to check its accuracy and validity. It should be recognised that whilst some of the information is anecdotal, that is its value in giving a current and real insight into what is happening within the industry. As with all information it should be used with care and in context.

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North East; Yorkshire & Humberside

Horticulture

There are some indications that certain sectors of the amenity horticultural industry are coping well with the recession. Garden centres have reported good trade in 2009 with some reports suggesting that people have continued to spend on such things as gardening items whilst they have cut back on other larger items. This has meant that those nurseries supplying garden centres have had a good trade. In addition, the falling value of the pound against the euro has meant that demand for home produced stock has increased at the expense of imported stock.

One grower of amenity plants suggested that the very hard winter of 2009/10 would be very good for business. This was based on the premise that there appeared to be very high losses of traditional garden plants such as roses due to the prolonged cold weather. Consequently, when spring came he thought many people would seek to replace their plants.

Christmas tree growers also had a good year in 2009 with a shortage of trees leading to higher prices. Inevitably, there are concerns that this will lead to increased planting and so a glut of production in future years.

In contrast to the amenity sector, the field scale vegetable growers have had a very difficult time. There have been severe difficulties harvesting these crops throughout January and February due to snow and frozen ground.

Dairy

A few farmers in the region had to dump milk when tankers were unable to collect due to the extreme weather conditions. However, the main concern to most farmers was the low prices. Milk prices for October 2009 averaged 24.4 pence per litre (ppl) which was 11% lower than for the same month the previous year.

Ex DFOB farmers were particularly affected; often receiving lower than average prices for their milk.

In contrast to the milk price, returns for both cull cows and calves have been very good. Continental calves have regularly been sold for over £300 per head and as high as £400 per head for Belgian Blues.

Some dairy farmers reported higher than normal calf losses in the harsh wintry conditions.

By late February frosty conditions were allowing farmers to spread slurry on land that was previously too wet to travel on.

Arable

Cereal prices were low throughout the winter period due to the high level of stocks following a good harvest in the northern hemisphere. Growth of 2010 crops was limited by cold weather but this also meant that the disease burden was low.

Sheep and Beef

Following the strong beef prices in the summer of 2009, store prices for beef cattle were also very high throughout the autumn of 2009. The same pattern applied for finished sheep with estimates that prices were 10-15% higher than the previous year. Again, strong finished prices meant that demand for store and breeding sheep was high. High cull ewe prices helped to pay for the high price of replacement sheep.

Harsh wintry conditions early in 2010 made life difficult for those farmers with early lambing flocks.

Poultry and Pigs

The main issue for poultry farmers is the switch to enriched cages for battery hens. Some producers see this as an opportunity with the prediction that many existing battery producers will go out of production leaving a much better market for those staying in.

In the pig sector there was a slight weakening in prices towards the end of the year but prices are still strong. With feed prices being lower, margins will have improved.

Miscellaneous

Natural England launched its 'Vital uplands – a 2060 Vision for English Uplands' in Yorkshire in early December 2009. With its emphasis on green energy and increased woodland, some farming lobbyists groups have been highly critical of the report for not emphasising the importance of food production in sustaining the upland rural economy. Three pilot projects were launched including one in Yorkshire.

Campaign for Farmed Environment (CFE) was launched in November 2009. CFE aims to retain environmental benefits of set-aside by voluntary measures and has three themes of resource protection, farmland birds and wildlife.

Defra launched the Upland Entry Level Scheme (UELS) which will replace payments previously made under the Hill Farm Allowance (HFA) scheme. Training, including workshops, demonstration days and individual visits will be available through Natural England.

North West

Beef and Sheep

The weakness of the pound versus the euro has boosted exports and prices, with farmers now taking an even greater interest in the currency markets than they perhaps did before. Prices for store cattle have been high; riding on the back of the strong trade for finished cattle, with some beef producers beginning to question the economics of fattening bought in stores. Sheep producers have been buoyed by historically very high prices for finished lamb. The demand for store lambs and replacement breeding sheep has been high, with consequential high prices for these categories of animals.

Stocks of forage are running low with farmers anxious to see some improvement in the cold and wet spring conditions that are suppressing grass growth and delaying turnout.

Farmers are concerned that increased fuel costs will further impact on the increased cost of transported forage and straw.

Dairying

Dairy farmers endured a tough winter period during which they saw the price of December milk fall by approximately 3.0 ppl compared to the same time in 2008. The region's ex-Dairy Farmers of Britain producers fared even worse with many having to accept below average prices as a way to securing other buyers.

Milk producers received a boost to output via very good prices for continental calves and other cattle (fat and store) for those with beef enterprises based on home bred dairy animals.

East Midlands

Beef and Sheep

Lamb prices remain strong and are 50.0 pence per kilogram (ppkg) higher than a year ago. However, prices dropped back slightly at the end of February 2010. Beef prices also remain strong although they too have fallen back at the end of February 2010. A strong export trade is supporting the prices of beef and sheep produce. As a consequence of high finished prices for both lamb and beef, store prices during autumn 2009 were high. Replacement costs for flocks and suckler herds were high, although some compensation was derived from high prices for culled animals.

Farmers have expressed some dissatisfaction over the introduction of the Electronic Identification Database scheme; both conceptually and practically, with much confusion about which tags to use and the reliability of tag reading equipment.

Derbyshire hill farmers will shortly be receiving their final Hill Farm Allowance payment. From 2010, uplands support will be fully integrated into Environmental Stewardship and new arrangements will be put in place. The new uplands scheme reflects the importance of grazing livestock as it is aimed at delivering both food production and environmental management. It is the first scheme to set a minimum rather than maximum stocking density on moorland, reflecting the importance of grazing animals on the environment. Farmers will be signing up to a 5 year agreement.

Dairying

Structural change continues within the dairying sector. Whilst milk producers continue to exit the industry (albeit at a slower rate), others are expanding on the back of low interest rates, the now non-limiting factor of milk quotas and the opportunity to replace the milk 'lost' from exiting producers. A planning application has been submitted for a proposed new dairy unit to be built to the south of Lincoln. If approved, the site would become home to a 'super' herd of over 8000 cows and create 80 new jobs which would include a full time vet. It is expected that the cows will be housed all year round and milked through two 80 point rotary parlours. The proposed development would also include an anaerobic digester which will generate enough energy to power the dairy and 2000 homes.

Heavy snow in the Peak District has resulted in some farms not having their milk collected. As a result, milk had to be dumped and whether or not compensation will be paid will depend on their milk buyer.

Heifers are still in short supply with good stock costing in the region of £2000 per head. It is important to note that TB slaughtering is removing the equivalent of 400 animals per week from the pool of replacement stock.

By April 30th 2010, farmers must have calculated and planned waste storage to meet NVZ regulations. This factor is uppermost in dairy farmer's minds and is crucial in deciding whether or not to remain in the industry. By January 2012, all farms will have to be compliant with these requirements and evidence suggests that the exodus from the industry will continue at a high rate until after this date.

Arable

Wheat prices have fallen during the winter period causing some farmers to sell at lower prices than they could have received at harvest; while others are still holding on hoping for a better price later in the year. Oilseed rape prices have improved steadily during the winter and are now about the same as this time last year.

Generally, most of the autumn sown crops have come through the winter well although some late sown cereals are looking quite poor having been more adversely affected by the harsh weather since Christmas. The severe winter has led to greater than normal levels of pigeon damage to winter cereals and oilseed crops. On a more positive note, the cold weather has helped reduce the spread of disease in cereal and rape crops.

Once again costs, particularly fertiliser costs, are rising and with predicted prices for 2010 combinable crops still not looking particularly good, farmers will have some difficult decisions to make regarding their usage of fertiliser and sprays in the coming months.

Pigs

On the whole, there is a positive outlook and some confidence from pig farmers after so many years of poor prices. The current GB DAPP (EU) (deadweight average pig price) is 141.2 ppkg. At the corresponding time in 2007 and 2008 the prices were 108.0 ppkg and 136.4 ppkg respectively.

Poultry

The industry is benefitting from lower feed costs, due to the fall in cereal prices, and some increases in poultry meat and egg prices. Overall, the position is more positive than a year or so ago when cereal prices were a lot higher. The increase in output prices is not as great compared to the pig industry but there is general positivity due to lower input costs.

Sugar Beet

The 2009 sugar beet crop benefitted from good conditions from drilling through to harvest, with a resultant average yield of around 70 tonnes per hectare. Early indications at the Newark factory are for an average yield of approximately 67 tonnes per hectare; higher than the 5 year average for the area.

Sugar beet growers are pleased with the agreed pricing mechanism and the aid to budgeting that this brings but are less pleased with the news that British Sugar intends to increase by up to 50% the area of sugar beet that it plans to grow for itself.

Potatoes

Early harvesting was hampered by very, dry weather in September, but moisture in October facilitated better harvesting conditions. Yields have generally been good. Average prices however have been poor as buyers have been focussing on high quality produce, which may mean poor prices for the remaining lower quality crops in store, which will have incurred high storage costs.

West Midlands

Beef

The improvement in beef prices has been sustained for the past year with the increase in exports cited as one of the main reasons. Sterling looks set to remain weak which will help to maintain demand. Finished cattle prices have dropped back slightly in recent weeks with reduced interest from buyers, possibly due to prices getting too high. Store cattle prices have remained strong with auctioneers seeing plenty of buyers. The reduction in feed costs should help margins improve in 2009/10.

Although the high prices have helped provide a welcome boost to this sector, a down side is the very high cost of calves and 12 month old store cattle, impacting negatively on cash flow where calves and young stores are bought at the same time. With suckler cow herds having declined in recent years due to poor profitability, some beef farmers are considering increasing cow numbers again rather than buying very expensive store cattle.

Dairying

Farm gate prices for milk have fallen this year, and the exodus from the industry continues. The EU dairy aid package of 0.2 ppl will do little to offset the fall in revenue. Calf prices are higher than last year and the increased value of cull cows has helped revenue. The cost of replacements remains very high due to a shortage; mainly as a result of slaughtering TB infected heifers.

A feature of the dairy industry that is becoming more marked is the wide disparity in farm-gate prices. Producers fortunate enough to have a contract linked to one of the major retailers e.g. Tesco and Marks & Spencer are receiving up to 5.0 ppl more for their milk than those with only a basic contract.

Organic milk producers are experiencing a major cost:price squeeze by having to pay a high cost for feed when not being able to achieve an appropriate level of premium on milk sales.

Where profits allow there has still been some investment. One dairy farm in the Farm Business Survey (FBS) with 200 cows is looking to replace a worn out milking parlour with a robotic milking system to help ease the problem of recruiting and retaining labour.

Conventional milk producers have seen the cost of purchased feed fall slightly with the drop in the cereal price, as has the cost of fertiliser. Despite the gloomy short term outlook, the larger dairy farmers appear to be committed, although there is clearly increasing pressure on smaller producers to leave the industry.

Bovine TB in Cattle

This continues to be a huge problem in the region, especially to the west and north. With no support by government to clear infection from wildlife the reservoir for the disease can only get worse. Of increasing concern are the current compensation rates which are on a downward trend. The disease continues to cause anxiety among cattle farmers and the reluctance to implement a badger culling policy is a source of frustration. TB herd restrictions continue to cause major problems for all cattle enterprises, as illustrated by the limited supply of young calves and weanlings which is keeping prices high. For store

cattle producers the optimum time for selling cattle is often lost due to the imposition of movement restrictions.

Sheep

Sheep farmers remain fairly buoyant as the price of lamb is holding strong. There is a brisk trade from buyers at the livestock markets and prices have continued to improve over the winter months. However there is still a considerable amount of uncertainty over certain aspects of the new Electronic Identification Database (EID) regulations. Questions over which brand of tags to use and the reliability of reading the tag when sheep leave the farm are causes of great concern.

The 2010 season began very slowly with many sheep farmers bemoaning the fact there is little or no grass at all for newly lambed ewes and are having to rely solely on fodder and concentrates.

Pig/Poultry

Profitability on these two enterprises is largely influenced by concentrate feed prices so the reduction in price brought about by lower cereal prices has been welcome. The improvement in pig prices has been sustained, and concerns about the future of the industry have eased.

Egg producers seem to have been better protected against cost increases with significant improvements in farm gate prices. Demand for free range eggs continues to increase. The ban on traditional cages in 2012 and the high capital investment associated with the installation of enriched cages could lead to a number of producers either adopting free range systems or leaving the industry altogether.

Combinable Crops

Average cereal crop yields from the 2009 harvest were generally lower than those of the previous year, which combined with lower values, will lead to a reduction in output. The full impact of the increase in fertiliser prices will manifest itself in the 2009/10 accounts and it is expected that profitability on cereal farms will be down on that of the previous year. Where cereals have been sold forward at higher prices the bug bear of having loads rejected due to quality issues is a concern.

The favourable post-harvest weather conditions aided preparations for the 2010 crops, although a very dry September led to some problems with seedbed establishment and germination. The late spring now being experienced (2010) has caused a few problems, with ploughing and drilling being severely delayed. A couple of arable farms have questioned the value of the ELS scheme where winter stubbles have to be kept to earn sufficient points. It has been a big rush to get these fields ploughed and drilled, whereas these fields used to be ploughed much earlier and so allowing for benefits gained from winter frosts breaking down the soil. Another problem for oilseed rape growers has been pigeon damage that has been more prevalent than normal.

Cash Root Crops

The very cold winter has not caused too many problems. In fact the cold has helped in storing potatoes longer without recourse to refrigeration, though longer storage has not helped gain better prices. Potatoes yielded well in 2009 but with variable levels of quality and with ample stocks available the average price is currently 9% lower than last year.

The continued long cold winter is holding up potato planting. Hard frosts in the west of the region have affected ground conditions with some farmers also reporting a lack of moisture due to below average rainfall compared with the rest of the region. Only a few early potato crops have been planted in north Shropshire and the Vale of Evesham to date.

Horticulture

Tomato production in older glasshouses is being reduced significantly due to the rising cost of fuel and low prices whilst some with modern structures are increasing production on the back of much higher yields and better returns from investment.

Hardy nursery production has suffered from virtually no trading in January and February due to minimal activity at garden centres because of the severe wintry weather. Recent warmer weather has seen a sharp turn around with demand in March almost matching that of a year ago. A major positive factor for this sector has been the absence of competition from the euro zone resulting in fair prices for producers. Getting the produce to market is proving very costly with very high fuel prices prevailing with every sign they may go on increasing. In addition, the cost of supplies such as spray chemicals and sundry crop costs such as packaging are on a relentless upward curve.

Other

Currency Exchange Rates

The continued weakness of sterling against the euro resulted in another significant increase of 15% in the 2009 SPS payments made in December 2009 and has also helped the export market. On the flip side farmers have reported machinery price rises for those doing business in spring 2010.

Energy

The cost of derv and tractor diesel fuel has been on a rising plane since the end of 2009, with the arable and horticulture sectors being concerned about impact on margins.

Environmental Stewardship

Amongst the hill farmers there are concerns about how the demise of the Hill Farm Allowance (HFA) will work when it is linked to the Upland Entry Level Stewardship (UELS), particularly for farms that have not joined the ELS.

Interest Rates

Low rates have been welcome although there are suggestions that the availability of credit for new investment has become more difficult, particularly for tenant farmers.

Land Values

Whilst prices have increased at a slower rate in the past six to nine months, demand remains strong with added interest from financial institutions, particularly since investment in property remains less attractive.

Rents

Many tenant farmers are facing significant rent increases with a very high number of rent review notices having been issued.

Organic Production

There is continued concern in the organic sector that sales have suffered in the current economic climate and consumers are not prepared to pay a premium for organic produce.

Morale

There was a sense of optimism in the industry witnessed at the end of 2009 going into early 2010, which was largely based on reports such as Farming 2030 in the face of a projected rise in world population. However, more recent feedback from farmers suggests a change in mood resulting from poor cereal prices and rapidly rising costs for energy. Nevertheless, farmers are comforted by the positive public perception of their industry of late and see this as a welcome development. A trend detected in some situations concerns the move towards becoming less intensive and more self sufficient.

East of England

Cancellation of Birds Eye Vining Pea Production Contracts

Birds Eye failed to renegotiate an export contract for frozen peas, and in turn cancelled production contracts representing about 4000 hectares of pea cropping.

The loss of contracts has created three difficulties for farmers:

- the loss of an important cash crop
- the need to find a replacement break crop
- ongoing overhead costs of pea production

The further short term problem is that farmers have committed to seed purchase. Growers have to find alternative crops (combined peas seem to be the favourite for 2010).

There are costs related to group activities, as harvesters and other equipment had been serviced and prepared for the new season.

[Despite the local significance of this development, FBS sample sizes determine that there will be insufficient FBS farms (<15) in the sample to analyse the impact. We will follow the changes to cropping reported in the June Survey].

Sugar Beet

The agreement of a pricing mechanism for sugar beet has provided much needed clarity about future sugar beet prices. Given the wide range of production costs between farms, it is likely that sugar beet will continue to be a profitable break crop for many.

Malting Barley and Oat Markets

Marketing cycles persist for both malting barley and milling oat crops.

Previous high malting premiums led to oversupply of malting barley. Maltsters are committed well into the future and there is currently no non-contract trade in the commodity.

Similarly, last year's high prices for oats gave rise to increased plantings and the market currently faces over supply.

Farm Finance

Improved land prices have improved the balance sheets of owner occupiers while tenants are under a lot more pressure. Anecdotally, we hear that it is the latter group who are more likely to see their rate over base rise when negotiating an overdraft.

Spring 2010

Persistent wet conditions during February proved frustrating for producers intending to start spring crop establishment work. However, the dry start to March allowed rapid progress with crop establishment, fertiliser application and spraying.

Contract Turkeys

There was a disruption to turkey rearing contracts last year. Sainsbury cancelled a reasonably large contract with Bernard Matthews in January 2008.

Contract turkey rearing is a seasonal enterprise with consistently very good levels of profit with which the operators are satisfied, and the peak labour requirement (December) also fits quite well on otherwise arable farms. However, this is not an enterprise for the faint hearted as it involves significant interface with butchers, the meat trade, as well as the general public. Also the health and hygiene aspects of processing birds on farm have become more difficult in recent years.

South East

Beef

Farmers have reported concerns about low silage stocks due to excessive demand for winter fodder during the prolonged wintry weather of the past three months. A knock-on effect has delayed spring grass growth. It is reported that recent high prices have fallen and are generally a little lower than for the same time last year (March), on average down 7 p/kg dwt, with the decline beginning in the New Year. The relatively high returns have seen the cost of replacement cows and heifers for suckler herds increase sharply, with some farmers postponing buying in. High store cattle prices have led to some producers relying solely on fattening home produced cattle, thus reducing throughput but maintaining positive sale margins. Cull cow values are also at historic highs.

Dairying

Substantial losses have been experienced by Dairy Farmers of Britain (DFoB) producers in the region, including those producers who had already ceased milk production with money held in the capital retention fund having to be written off. Serious concerns continue to occupy farmers' minds in relation to financing expensive infrastructure for dealing with slurry and dirty water imposed by NVZ rules.

The year-on-year fall in the milk price has dented producers' morale with average UK farmgate milk price for December 2009 at 24.70 p/l, down 2.38p/l. Small producers are under extreme pressure with the system of excessive charging for transport and uneven milk profile resulting in one small producer achieving an average of only 16.0 p/l (a reduction of 5.0 p/l on the previous year).

Anecdotal evidence from some participants in the milk survey conducted in March 2010, suggests high levels of dissatisfaction with some milk buyers, caused by unfair contracts or renegotiated contracts that pass on haulage charges to less accessible producers.

An interesting observation from some farmers is that they are considering accepting lower yields in return for fewer health and fertility problems in their herds.

Sheep

Farmers are upbeat about prospects for sheep with lamb prices 13% higher than a year ago. Cull ewes are also achieving very good prices (£67 per head, mid Feb 10). The cold and wet weather has been making it difficult to finish lambs with a consequent shortage of supply helping strengthen prices. Wool prices, so long on the floor, are currently on an upward trend to 110 p/kg, due to reduced global production particularly in New Zealand and Australia.

Following the introduction of the Electronic Identifying Database farmers have become frustrated with the setting up arrangements and cost, whilst others acknowledge its importance, though it is seen as a time consuming task.

Farmers seem well disposed to continue with vaccination against bluetongue despite the costs but are making economies by targeting treatment on higher risk groups. The removal of Cypermethrin sheep dips means farmers are now more reliant on those based on organo-phosphorous. This trend sees sheep farmers having to manage much longer withdrawal periods, which for some has doubled due to formulation changes.

Pigs

Pig producers have been buoyed by prices holding up well through the winter, averaging 2-3% higher than a year ago. An initiative jointly run by the NFU and the Environment Agency has been set up to reduce unnecessary burdens on businesses by reducing compulsory visits from three per year to one when checking for compliance.

Poultry

Some leading supermarkets have stopped selling eggs from caged hens ahead of the impending ban on the production of eggs in non-enriched cages from June 2012. Chain feeders have been banned for use on units with the RSPCA's freedom food accredited status for broiler production, as they pose a risk to chick welfare and impede bird movements.

Combinable Crops

Cereals prices have remained disappointing with average spot prices at the end of February being as follows: feed wheat, £88/tonne; milling wheat, £104/tonne; feed barley, £74/tonne; OSR, £241/tonne and peas and beans at £131/tonne. Very cold and wet weather has seriously delayed farmers undertaking land work; night frosts have severely limited spraying activity. There has been frost damage to the more forward oilseed rape crops. The poor state of some land following wet harvesting conditions last year raises the question whether growing a spring crop is worthwhile. Some farmers are contemplating leaving land fallow with perhaps a cover crop sown and ploughed later in the autumn. Damage from pigeons has been significant on some oilseed rape crops.

Reports have been received of farmers not applying compound fertiliser in the autumn for the 2009 harvested crops because it was too expensive, but they have applied again for the 2010 crops. Spring drilling has been delayed in many areas but most should be completed by the end of March 2010.

Worries have been encountered with testing individual lorry loads of milling wheat for mycotoxins, due to the high risk of error and disruption. There is also a conflict between the views of minimum tillage being better for soil management whilst ploughing lowers the risk from mycotoxins.

Horticulture

Sales of hardy nursery plants during 2009 exceeded expectations which appear to be mainly due to the weakness of sterling, with suppliers from the euro zone not being able to compete. The cold start to the 2010 season was very bad news for ornamental growers with gardeners not able to get on and plant with little trading in garden centres compared with the same time last year; trading is lagging by at least 3 weeks compared with normal years.

Wholesale nurseries are continuing to find the current economic situation challenging although they are starting to report more activity from landscape gardeners and are more optimistic about an improvement on the 2009 trade with this category of customer.

The suspension of payments to Producer Organisations during the review by the Rural Payments Agency (RPA) is causing anxiety to many in the industry because of the damaging effect on cash flow.

The impact of looming pesticide legislation is of major concern as this could seriously affect the production of many horticultural crops.

The 2009 top fruit season has been disappointing with low returns on supermarket sales, together with huge deductions for marketing of the crop by packers.

Opportunities Taken

High prices for hay and straw due to a shortage of fodder, has provided an opportunity for some farmers to benefit from returns of £80/tonne for straw and hay at £7 a bale for horses.

Other

Most Farm Business Survey co-operators that have recently been spoken to have heard of the Campaign for the Farmed Environment (CFE), though many knew little about how it would contribute to an assessment to determine whether it has been successful in avoiding compulsory set aside of arable land.

The requirement to tag all sheep over 12 months old is proving costly in time and money.

Farmers have welcomed the NVZ rule derogation that allows up to a maximum annual application of 250kg per hectare rather than 170kg per hectare of nitrogen from animal manures.

There is concern among some farmers about having to submit their VAT returns online.

South West

Dairying

TB continues to have a significant impact on a number of businesses, losing productive stock as well as being unable to market their youngstock which are under movement restrictions. Farmers are unhappy with the price they are receiving for their milk. Although the world price of cheese has recovered, the farm gate milk price has not followed. Concentrate feed prices have remained stubbornly high.

Cereals

During the winter period, farmers have found it hard to market their grain. Despite the low prices, grain which has been sold is often still on farms. Forecast prices for grain this year are below the deemed cost of production and therefore unsustainable.

Beef

The shortage of available cattle has led to very high store cattle prices, which suits the store producers, but finishers are concerned with their narrowing margins and with the large amount of capital tied up in their enterprises.

Sheep

The weak pound against the euro has contributed to the record sheep and lamb prices. Many farmers are diligently watching this and holding back on expansion plans to see if the rise in prices is permanent or will fall back to levels where little profit is made.

Weather

The unusually cold winter weather, with over 30 days of consecutive frost or snow in parts of the region, has led to the dumping of milk on the worst affected dairy farms, and forage supplies for many producers are tighter than for many years, particularly in the hill and upland areas. The late spring will increase costs for flower producers and delay their season, which may have repercussions on output.