

## This months contributors

James Dunn 07971 973165

Nigel Davies 07773 936129

Sue Bryan 07966 143571

## WELCOME James Dunn, Managing Director of Promar International



Already it's September! - welcome to the latest edition of Promar

Matters. Our unpredictable weather appears to have traded places with grain price volatility.

The droughts have finally given way to rains, giving a welcome boost to grazing platforms and forage stocks whilst on the grain futures market we have seen £200/ton flirted with but, thankfully, fallen away to provide some relief on concentrate feed

prices. Managing volatility remains one of the key factors that drive successful performance.

This month, both Nigel Davies and Sue Bryan consider the essential requirement of planning ahead to understand the financial implications of guaranteeing quality forage availability whether that be home-grown or purchased feed. Identifying shortfalls in advance can avoid panic buying that usually comes at a cost above what would be acceptable.

Enjoy the read and please get in touch if you require more information. I look forward to meeting up with those of you who attend UK Dairy Day on September 12th.

## PLAN AHEAD TO UNDERSTAND COST IMPLICATIONS



The national Milkfinder matched sample for June 2018 highlights that

production levels of milk litres and solids, for the average herd of 210 cows, have survived the challenge of the late winter, and remain largely unaltered from June 2017.

However, Nigel Davies, Promar's National Consultancy Manager, notes that the average total purchased feed bill for the month is now almost a five-figure sum at £9,777 per herd, which is effectively 9.1% higher per cow compared to twelve months ago.

"Aside from practical challenges, these numbers serve as a prompt to start planning ahead to help understand the financial implications of ensuring that there will be adequate supplies of both home-grown and purchased feed for the months ahead," he explains.

"Producers should aim to gauge an understanding of the potential cost implications of feeding livestock right through to this time next year and beyond," adds Nigel.

"This is a real challenge for many and for this reason, using a costings service like Milkfinder can be beneficial in helping to give an accurate indication of likely purchased feed costs, against which farmers can compare the likely costs of other feed sources.

"For example, additional feed this year could come from catch crops sown in the autumn or spring, or other external sources of forage."

Nigel encourages farmers to map out the relative costs of any additional feed

## NEWS IN BRIEF

### • Future global milk production set to increase

The latest long term outlook report from the **IFCN** indicates that global milk production is set to increase by 35% from 864 million tonnes in 2017, to 1,168 million tonnes in 2030. Significantly, more than half of the growth in the world's dairy production is set to occur in South Asia - with the majority of it consumed domestically. The volume increase is set to be driven, not least, by consolidation in the dairy sector.

### • LIFFE wheat price in July increased for the fifth consecutive month

The average **LIFFE wheat** price in July increased for the fifth consecutive month, with a 13% increase from £151 per tonne, to £170 per tonne. Year-on-year prices are up by 14% from £149 per tonne in July 2017.

*IFCN – International Farm Comparison Network*

*LIFFE – London International Financial Futures and Options Exchange*

## KEY DATES

Promar will be attending UK Dairy Day on 12 September. Don't forget to come and see us if you're at the show.

sources now, thereby making informed decisions, rather than waiting until next year and then realising that a better decision could have been made.

Parameter	Month of June 2017	Month of June 2018
Yield per cow in milk per day (litres)	25.9	26.1
Concentrate use per litre (kg/l)	0.28	0.28
Concentrate price per tonne (£/T)	215	233
Total other purchased feed cost (£)	254	295

# PLAN AHEAD TO AVOID AN EMPTY CLAMP



In light of this year's difficult weather conditions, dairy farmers are

encouraged to review their current feedstocks, and consider winter requirements, to help them plan ahead and avoid costly panic buying, or an empty clamp situation.

"Farmers have faced a particularly tough year so far, and many are already feeding their first cut silages," explains Sue Bryan, consultant at Promar International.

"This will undoubtedly increase pressure on feedstocks as we move towards the housed period. However, it's important not to panic buy until you fully understand your situation," she adds.

"For example, you should work to establish exactly what you have in the store, and what your requirements may be going forwards."

Sue notes that it is not just a case of establishing clamp measurements.

"Understanding your dry matter (DM) content is also vital, as this has a major impact on the feed-out of the clamp," she explains.

"The higher the DM, the higher the nutrient content, and therefore the longer the forage is likely to last, provided it's kept from heating.

"Clamp compaction is also affected by the DM, so it's important not to make a judgment based purely by eye. There is a predicted difference in tonnes of around 20% between a 20%DM and 32%DM clamp, which is an amount that producers can't afford to be out by this year."

Once producers have identified current stock levels, the next step should be to identify the on-farm demand from now until estimated spring turnout, including buffer feeding expectations.

"Logically plan your dairy cow autumn buffer, and full winter rations, followed by dry cows, and youngstock. After determining these figures, you can then decide how to tackle any potential feed deficits."

## Addressing shortfalls

Sue highlights that there is still an opportunity for farmers to take an additional cut in September, which may help to relieve some of the pressure on forage stocks.

"The soil is warm, the nitrogen is raring to

go, but the sunlight hours are dipping so growth won't be at the same level as first cut. It's therefore critical that farmers are realistic about potential yields," she notes.

"For this reason, after establishing how a final cut will help balance your forage requirements, there are a number of steps that you can take to help to ensure that sufficient forage is available."

## Remove some animals from the enterprise

With forage reserves tight, Sue recommends questioning the true value of keeping surplus heifers, as well as considering any margins you want to make on store sheep and beef.

"For example, a barren cow would require 12-15 tonnes of silage (fresh weight) between September 2018 and April 2019. With silage currently costing around £40 per tonne in some areas, this means that it'll cost £600 to cover winter her," she says.

"Similarly, store beef bought in at 350kg will require around 11.5-12 tonnes of silage over winter. This equates to around £470 per animal, which will undoubtedly have an impact on final margins.

"It's therefore important that producers think about the feasibility of holding onto any surplus stock, and consider whether the final margin can justify the purchase of any additional feed."

## Reduce wastage

Aerobic loss from allowing the clamp to heat can be a big drain on forage reserves due to reduced energy content and should be minimised where possible.

"When the clamp heats up, it reduces the energy content of your silage, meaning that you'll need to bolster your ration with additional concentrate," explains Sue.

"This often leads to low energy substitutes being purchased to 'bulk out' the diet, which will have a significant impact on the farm's bottom line.

"For example, a bucket of lost silage each day of the winter is worth £5,000 in today's market, without the additional cost of top-up feed. It's therefore important to keep the clamp film as close to the shear grab cut as you can."

## Increase supply

"Catch crops have been popular in recent years, with forage rape and stubble turnips having a similar feed rate of 40-45kg/cow/day.

"Although yields will be variable, and fibre normally needs supplementing in the form of baled silage, the extended period before housing will help to ease some pressures this year."

## Buy in alternatives

Buying in alternatives should be the final consideration, after on-farm methods have been explored.

"When considering alternatives, it's important to base your decision on whether the alternative is suitable for the animals' performance, considering milk constituents as well as yield, feasibility and practicalities," explains Sue.

"By acting now, and identifying your requirements for the year ahead, you can ensure that you have sufficient forage to last the winter without joining the current buying frenzy."

Material	Grass silage	Brewers grains	Trafford Gold	Straw + 1kg molasses (eg Regumix)	Straw + caustic	Stubble turnips/forage rape catch crop
Dry Matter /t	25%	24%	50%	80% approx	86%	£300-400/ha (ref:lgseeds)
ME (MJ/kgDM)	10.5	11.7	13.4	8.6	9	100 cows/ha/week
Cost/t FW to tDM	£40 £160	£50 £208	£120 £240	£95/£185 £125 (Total mix/t)	£95/£650 £148 5% caustic	50p/cow/day £60/tDM
Cost per MJ	1.5p	1.8p	1.8p	1.5p	1.6p	
Main practical concerns	Availability	Storage, waste from heating	Storage, waste from heating	Mixing accuracy & storage of product	Hazardous, storage, batch produced	Limited planting window, success can depend on soil type

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