

# ULSTER ARABLE SOCIETY CONFERENCE

17<sup>th</sup> February 2012

*A FARMERS EXPERIENCE OF DEALING WITH VOLATILITY*



**ROBERT LAW**

## Robert Law

# 2006 – 2012 'CORN V HORN'

APRIL 2006	1 new season lamb £70 1 tonne WHEAT £67	
NOVEMBER 2007	1 new season lamb £38 1 tonne WHEAT £150	('the demand')
JANUARY 2009	1 new season lamb £85 1 tonne WHEAT £95	('the supply response')
JULY 2009	1 new season lamb £70 1 tonne WHEAT £95	('power struggle')
MAY 2010	1 new season lamb £85 1 tonne WHEAT £104	
NOVEMBER 2010	1 lamb £80 1 tonne WHEAT £160	('The Unexpected' – MOTHER NATURE RETURNS)
MAY 2011	1 lamb £90 1 tonne WHEAT £190	
DECEMBER 2011	1 lamb £95 1 tonne WHEAT £135	

## FARM BUSINESS AS AT FEBRUARY 2012

- Farming 3,700 acres from THRIFT FARM, Royston
- Comprising:

Thrift Farm	710 acres	Owned
Chrishall Grange	1,000 acres	1986 type Tenancy
Rectory Farm	580 acres	Owned as Limited Company
Burloes Farm	600 acres	Contract Farmed
Rented in Grazing	400 acres	
FBT Arable	200 acres	
'Stubble to Stubble' Farming	300 acres	
Mixed Arable Cropping	2,800 acres	

- Grassland 800 acres Supporting a lambing flock of 2,500 ewes
- Mixed Arable Farm in North Nottinghamshire 1200 acres Managed



## CROPPING 2010-2012

	2011	2012
WINTER WHEAT (ALL 1 <sup>st</sup> WHEAT)	825	852
WINTER BARLEY	284	321
WINTER OATS	442	336
WINTER RYE	227	316
OILSEED RAPE	200	---
FORAGE RAPE/TURNIPS FOR SEED	202	260
ROTATIONAL GRASS		100
CATCH CROP STUBBLE TURNIPS	600	550
SUGAR BEET	240	320

## CEREALS: END MARKETS AND VARIETIES

**WHEAT:** All soft milling varieties (Consort, Istabraq, Ambrosia, Wizard and Invicta)

**MARKETS:** Flaking, biscuits, flour

Jordans – Bedford

Allinsons – Bishops Stortford

Bowmans – Hitchin

**BARLEY:** Carat – Used for pearling

Jordans/EOM

**WINTER OATS:** Mascani

Jordans/European Oat Millers

**RYE:** Askari

Jordans/Ryvita

Agronom

Cereals, snack bars, biscuits, rye bread



# JORDANS

Since 1855

Raisins & Noisettes  
**FRUITSLI**

## LA VRAIE SAVEUR DES FRUITS

Fidèle à sa philosophie, Jordans a conçu des barres aux céréales complètes **sans arôme artificiel ni colorant**. Les barres Fruitsli de Jordans sont constituées d'un délicieux mélange de fruits, de miel et de céréales "Conservation Grade". Cuites dans des moules individuels et dans le respect de la tradition Jordans, elles vous offrent une texture particulière, à la fois tendre et biscuitée. Les barres Fruitsli de Jordans vous apportent de l'énergie à tout moment de la journée. Très fruitées, elles sont aussi un authentique moment de plaisir.



Les céréales Jordans proviennent exclusivement des exploitations agricoles agréées par la charte **Conservation Grade**. L'agriculture raisonnée garantit l'utilisation de méthodes de culture traditionnelles comme celle de la rotation des cultures sur les parcelles, qui aide à maintenir la qualité du sol. Les 120 exploitations agricoles certifiées **Conservation Grade** sont soumises chaque année à un contrôle rigoureux. Cette méthode protège les oiseaux et les animaux sauvages, les plantes et les insectes. C'est pourquoi, chez Jordans, nous préférons l'agriculture raisonnée.



# FACTORS BEHIND CHOICE OF CROPPING, MARKETS AND VARIETIES

## ALL LAND IS ONLY OF MODERATE FERTILITY

- Needs rotation with good breaks to maintain yields
- Premium earning crops to maintain returns
- No second wheats grown
- No milling wheat grown since 1980's

## WHEAT

- 3 soft wheat mills within 20 miles of FARM
- Variable protein levels achieved when milling wheat was grown
- Less pressure at harvest time
- No hard wheat market in area

## BARLEY

- Local market for pearling (Jordans – Bedford)
- Futures plus contracts available
- Less demanding specification than malting
- Return more consistent than malting

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### OATS

- Local mill/market (Jordans – Bedford)
- Excellent take all break
- Good market for straw
- Grassweed problem manageable

### RYE

- Grown on very drought prone soils
- Working relationship already established with Jordans Ryvita

### RAPE, TURNIPS, MUSTARD, BEET

- All grown on contract
- Fixed price at time of contracting



## DEALING WITH VOLATILITY:

### DIVERSIFYING INCOME SOURCES

- 30 years ago my sole income sources were grain and sheep sales
- Now much more diverse

### CONTRACTING

- Several crops grown on fixed price contracts
- Most cereals on Liffe Grain Futures + fixed premium
- Importance of long-standing relationships with direct sale buyers eg. Jordans, European Oat Millers
- Working with same buyer for 25 years

### CURRENCY – 'CRITICAL'

- Some currency hedging undertaken

## DEALING WITH VOLATILITY:

- Options and minimum price contracts used
- Admit to being a 'little and often seller'
- Selling crop over a 2 ½ year period setting price goals

### ENVIRONMENT SCHEMES:

10% OF LEAST PROFITABLE LAND PLACED IN SCHEMES LASTING 5 – 10 YEARS

- Produce fixed income over period
- Creation of habitats on farm allow premium earning contracts to be entered into (Conservation Grade)

### ON COST'S SIDE OF THE VOLATILITY EQUATION

Generally more difficult:

Currently (with limited success) looking at forward fuel buying

### MACHINERY:

- All major items (combine/tractors & forklift)
  - On: warranties (five years/5000 hours)
  - Fixed price servicing



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