

Top 10 tips when buying equipment

Buying farm machinery is an expensive business – which makes it all the more important to ensure everything is above board. The Equipment Register – a pan-European database for tracking stolen machinery – has 10 tips to help ensure you aren't caught out.

- 1** So that you always have traceability should anything subsequently go wrong, make sure that you view and buy the item from the business or home address of the seller and get a receipt which shows the full address. Never arrange to meet half-way or in a lay-by.
- 2** Look for any previous owner decals or postcode markings – if you find any, contact them to make sure they have sold it.
- 3** Make sure you have documentation such as the manual and, if applicable, the keys. If they cannot provide them, be suspicious.
- 4** Has any livery or decals been removed? If so, be cautious.
- 5** Beware if the sale price is less than the current market value.
- 6** If a deal seems too good to be true it probably is – don't be greedy.
- 7** Trust your instincts... if the deal doesn't feel right, walk away.
- 8** Always check the identification – has it been tampered with? Is the serial number plate missing?
- 9** Check for theft and finance you buy. See www.ter-europe.org for more details. You just need the make, model and serial number.
- 10** Don't ignore a possible stolen item. If you believe you have viewed a stolen item, call the police or the Equipment Register. You may have walked away but someone else may buy it. You may also be helping a victim to get their item back. Remember, one day that victim could be you.

Taking stock

The New Year is the ideal time to take stock and look into decent commodity prices, says **Jeremy Cole**.

Looking in the rear view mirror to see where you've been is easy and clear. Looking forward is harder – especially if there's a bend in the road. So before you turn that corner and market your crops for 2014, try to assess the conditions ahead. Here is my view of what may happen in 2014.

WHEAT

Looking backwards, wheat markets have traded at £100-110/t in 2009/10, £200 in 2011, £150 in 2012 and £220 in 2013. They now stand at £160/t. So the price range is wide and very volatile.

Looking forward to 2014, northern hemisphere drilling conditions have been better and crops appear healthy. EU, US and Canada look to have expanded their acreage and a large Oz crop is forecast. Record global wheat production is therefore expected, increasing 2014/2015 carryover stocks too.

The only positive note is that China will keep importing large amounts of wheat as they hurtle head long into the future wanting everything that is Western – most of all protein in one form or another.

Overall, wheat is moving from a period of very low stocks to an easier situation. So I find it hard to see how wheat could mount big rally in 2014 unless there is a repeated severe drought or wet weather event affecting large areas of wheat producing land.

I feel wheat will have no chance of reaching £200/t but every chance of falling to sub-£140. There are often three peaks in wheat prices annually, after drilling in the autumn, February and May.

Many missed this October's rise so will have to wait until the end of January or February, possibly coinciding with the USDA planting intentions report at the end of January. By March, prices tend to fall until nearer harvest in May/June.

CORN

Concentrating on the USA, the biggest producer of corn and the main influence on the world wheat market prices, the last time corn prices were this low was in autumn 2010. Droughts gave increased prices in 2011 and 2012 to a record price of \$8.50 corn. Yield this year fixed the supply problem from the previous three drought years.

Looking forward to 2014, several major factors could affect the corn

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Savvy marketing can make the most of downward commodity prices, says Jeremy Cole

market. Ethanol has been a big demand factor, but less so recently. This was due to a fall in US fuel consumption, itself due to more efficient cars and the bad economy. Beware a shift to natural gas if corn prices continue upwards. Ethanol is no longer a demand side driver.

US corn exports have been reducing. Over the past three years, drought in US has meant lower production and so less exportable surplus but has led to a dramatic increase in corn prices. This has incentivised other corn producing countries to increase their acreage of corn and began to export more. The US once controlled 75% of the world corn export market. Now it's only 35%.

US corn production in 2013 is way up, with prices down after four poor yields. There have never been five yields lower than the average trend line since 1850, so odds suggest production will be up for 2014 crop although less corn may be drilled if corn stays at \$4.50 bushel/acre.

In summary, the 2014 harvest price outlook is \$3.50 bushel/acre versus \$4.60 now and \$8.50 in 2012. This may very well pull wheat prices down too. I feel there would have to be a 2012 drought event to get corn back to \$5-6/bushel.

can't produce enough to meet domestic demand. This will continue, so a rally is unlikely as it is already factored into traders' calculations. China is building reserves over time so imports will not increase significantly.

The US planted 82m acres of soya this year as the market's high prices influenced producers to plant more. But it also influenced other countries like Brazil and Argentina. The South American crop will harvest in March onwards – and a big crop should lead to lower prices, affecting prices and US intentions to drill.

In conclusion, it appears that all commodities look to be following a downward price trend for the foreseeable future – with weather events making life more 'interesting' in the short-term.

To protect your budget and achieve your standard of living, may I suggest selling up to 50% of the 2014 crop forward now, or at least entering into negotiations to secure minimum price contracts or options.

This would mean a £135/t minimum price for November 2014 wheat and a £280/t minimum price for oilseed rape. These may not be the values you want. But are you a gambler or do you want a worst-case scenario built into your marketing?

OILSEEDS

Again concentrating on the US as a lead indicator to the overall oilseeds market, US soybeans are trading at 1286c/b. The last time this happened was spring 2012, when there was a big drought and prices reached nearly 1800c/b. This increased acres drilled and prices fell.

Factors affecting the oilseeds market include China. Its domestic usage remains strong with clear upward demand. Consumption of soya is rising as more protein is consumed. Chinese soya stocks will increase this year.

Chinese imports remain strong – again a clear upward demand – as it



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