



Oilseed risk or oilseed reward: what the numbers tell us about this key break crop

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AHDB



Overview

The role of OSR

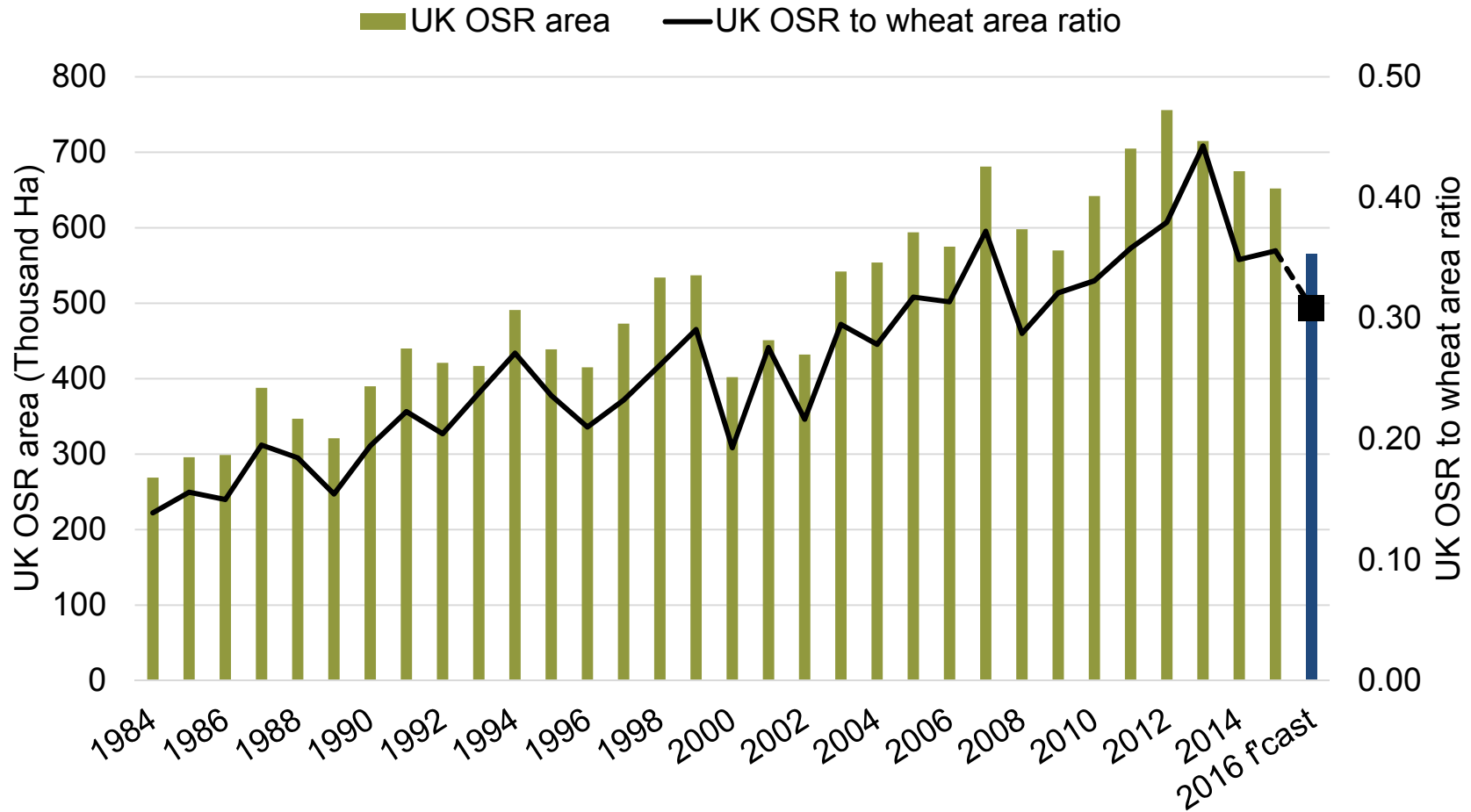
The risk multiplier – from a farmer's perspective

What's happened to the reward?

Alternatives

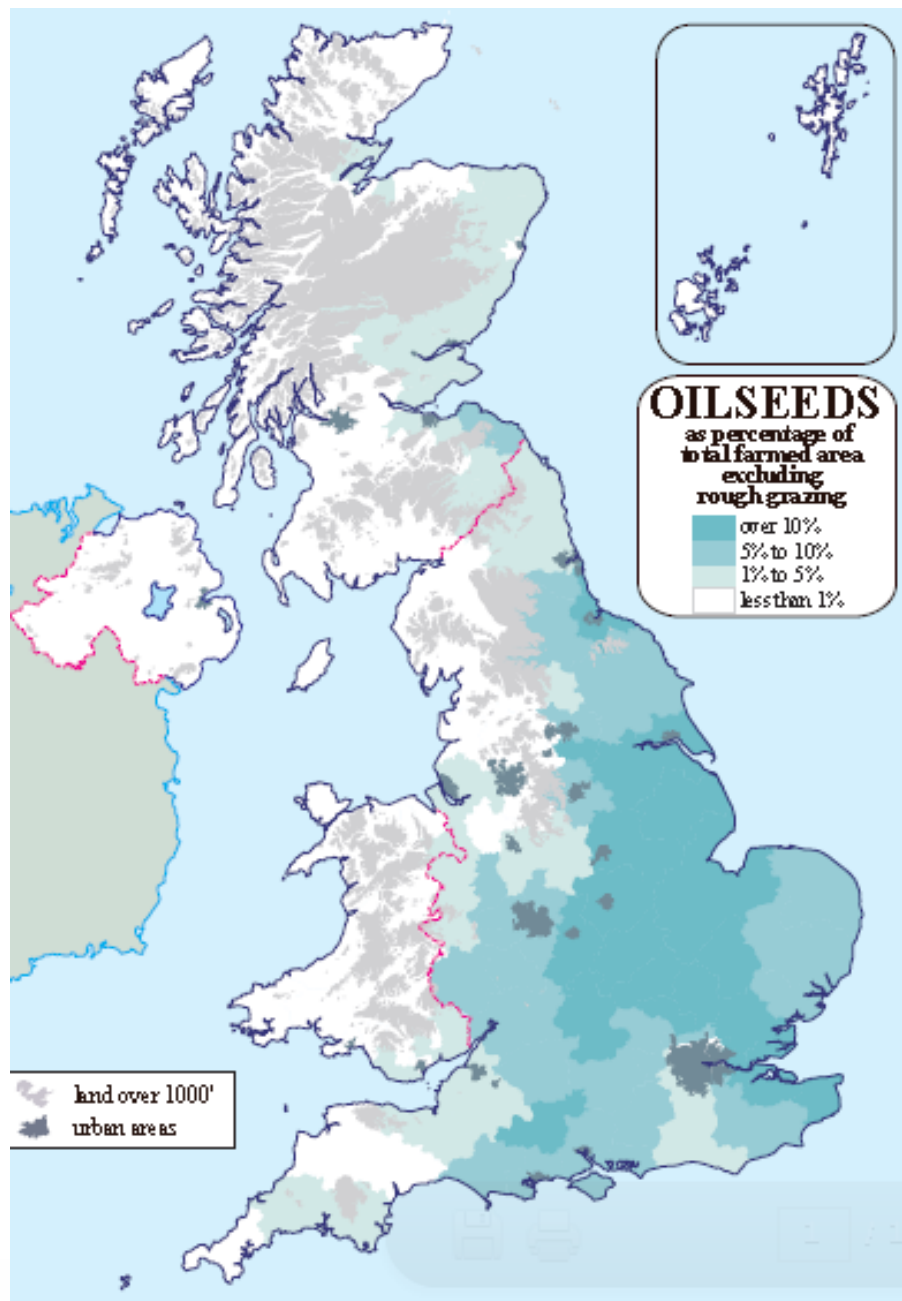
Closing comments

OSR – our leading break crop



Source: Defra, AHDB





Evaluating risk

Crop production example

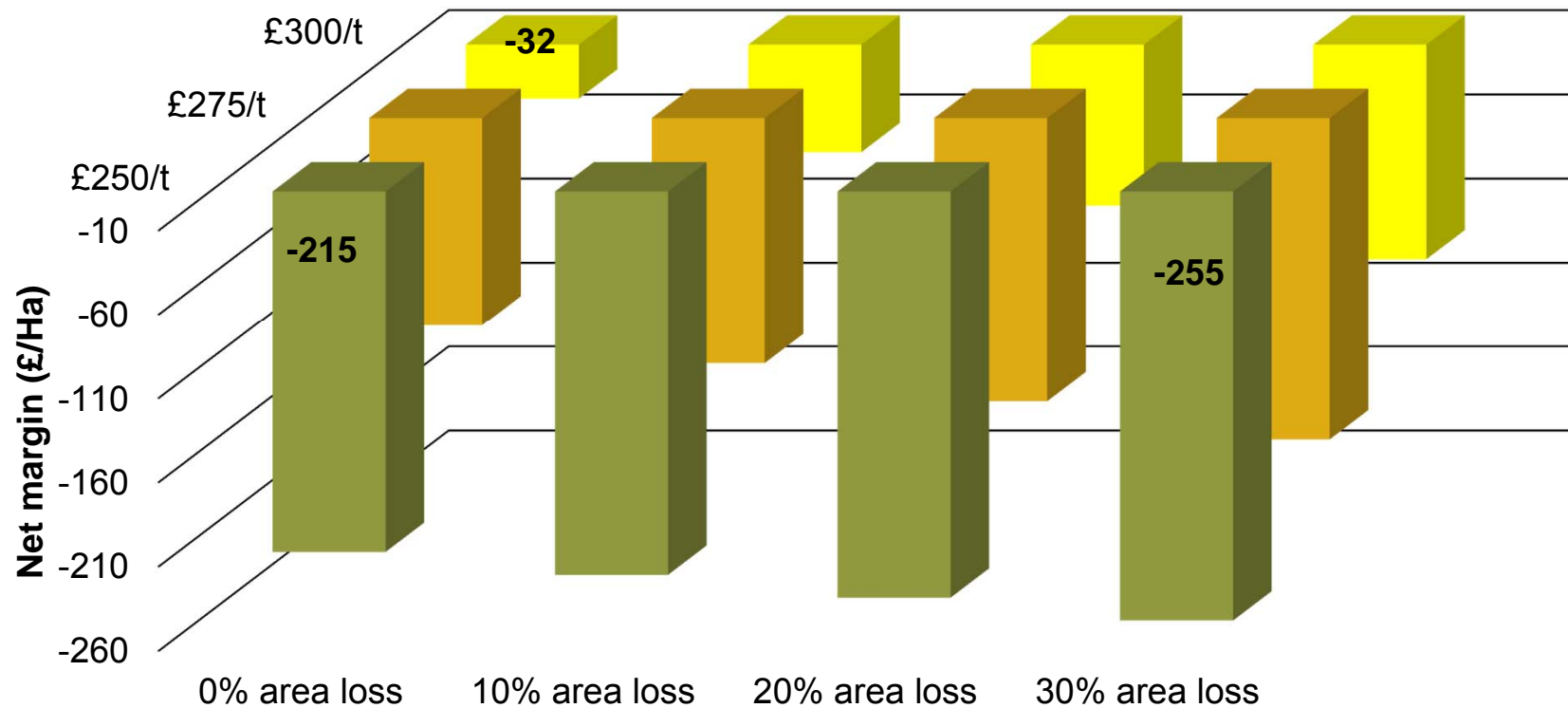
| Crop | % Chance of loss | Cost (£/ha) by Dec | Risk value (£/ha) |
|---------|------------------|---------------------|-------------------|
| W Wheat | 1 | 400 – 600 | 4 – 6 |
| W OSR | 15 | 350 – 500 | 50 – 75 |
| | | Exc. rent & finance | |



(c) Dewar Crop Protection

The risk facing OSR in 2017

Impact of price and crop area losses on OSR profitability

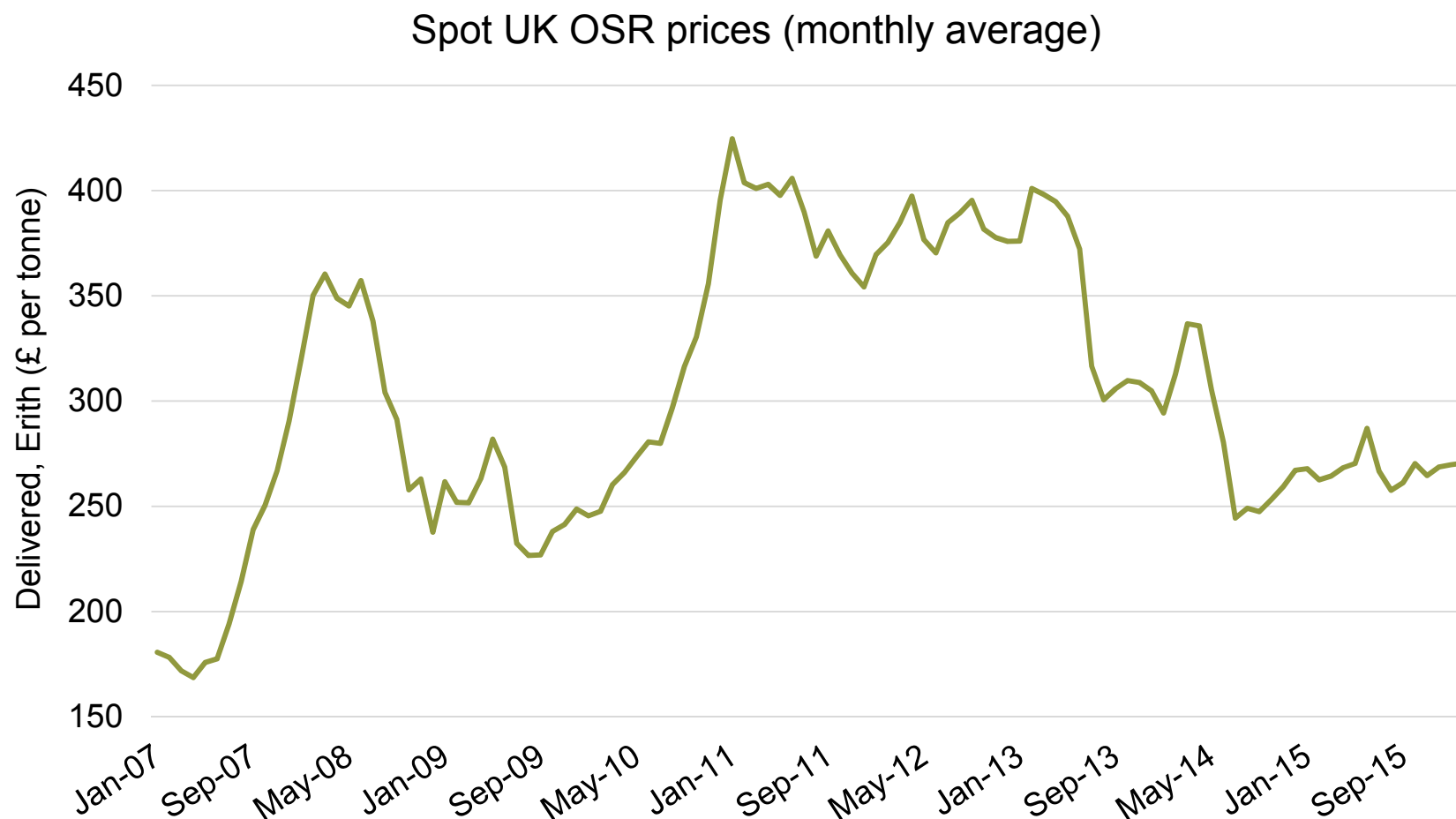


Source: AHDB, Agricultural Budgeting and Costing book (Nov-15)



Yield: 3.65t/Ha, total viable crop costs: £1,127/Ha (excl. rent), lost crop cost: £350/Ha

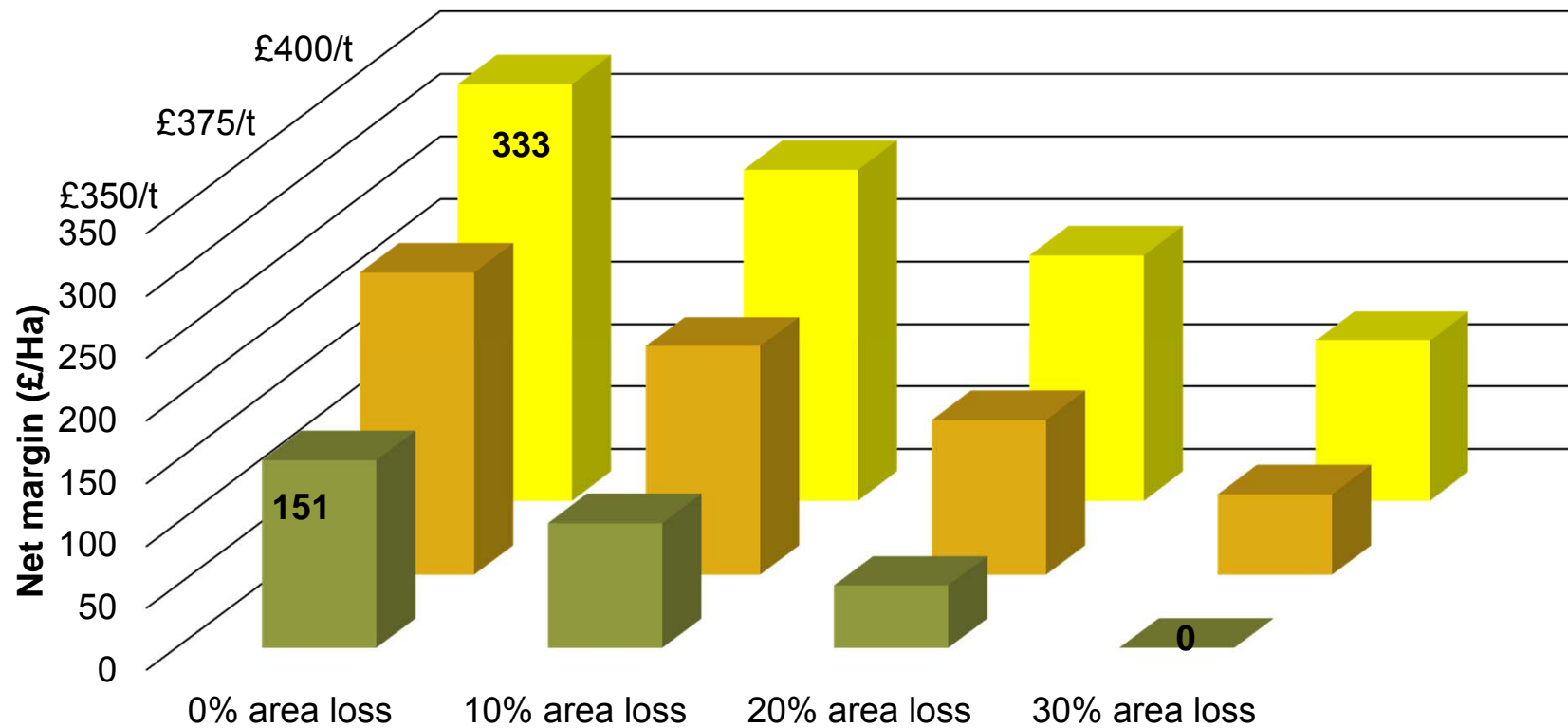
Whilst risk has risen, reward has fallen



Source: AHDB

Higher prices reward risk taking

Impact of price and crop area losses on OSR profitability

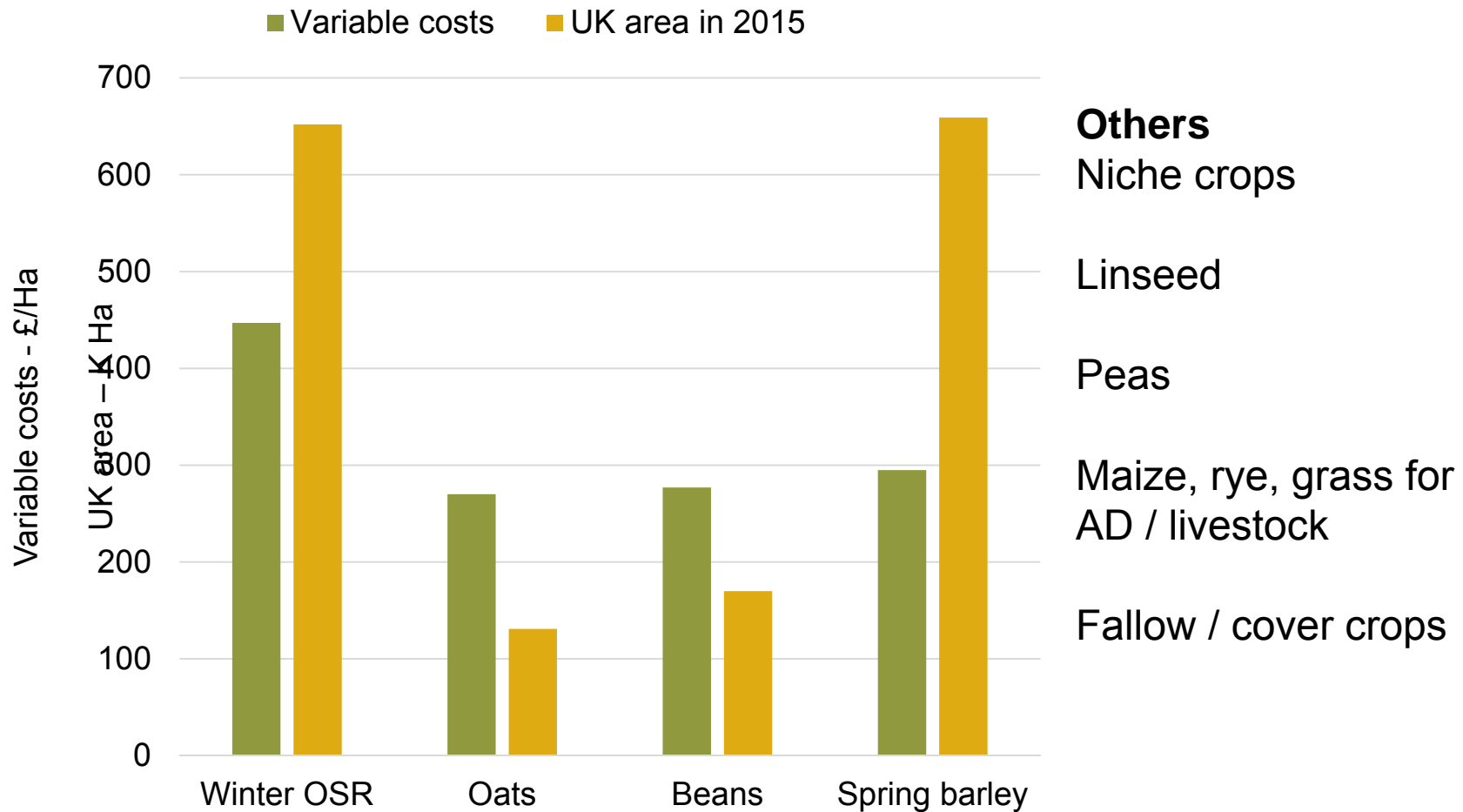


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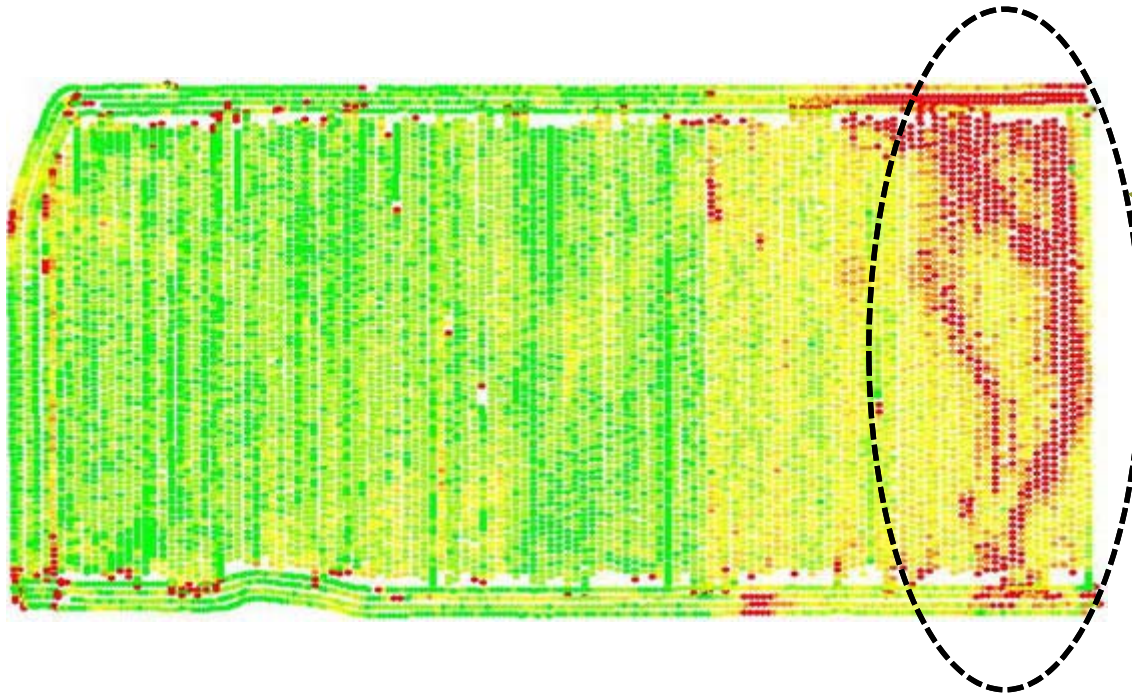
Alternatives? – lower cost, lower risk?



Source: Defra, Agricultural Budgeting and Costing book (Nov-15)

Deploying low price strategies

using precision farming to identify least productive areas



Does this part of the field get planted this spring / next autumn or is it better suited to fallow?

Closing comments

OSR remains our leading break crop, but imbalance between risk Vs reward if forcing area lower.

OSR is likely to be one of our riskiest mainstream crops to grow due to cost and agronomic characteristics – so farmers more sensitive to reward variability.

Some alternative break crops are available, but markets risk being overwhelmed with supply e.g. beans.

Decoupled subsidies, crop greening rules and cost mean that loss leading break crops are less tolerable. Agronomic perfection Vs economic optimum.



Thank you

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