

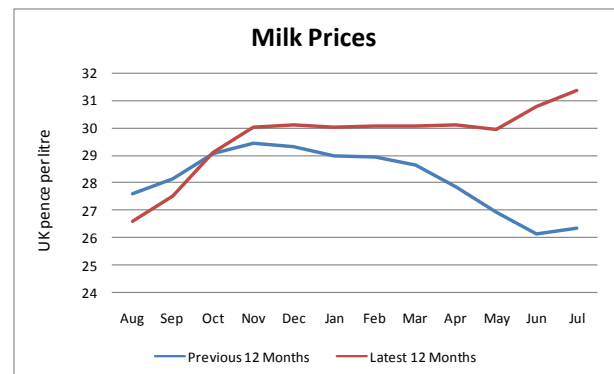


Headline summary

The monthly farming and food brief summarises the latest statistical and economic information relating to the agricultural sector. In particular, it highlights the results of recently published evidence and research.

Milk prices reach new heights

The average UK milk price for July rose to 31.37 pence per litre (exc. bonuses) 0.58 pence per litre higher than June and the new highest price recorded for milk. The start of this milk year (April to July) shows milk yields are 2.0 per cent lower than the same period last year. ([see section 2](#))



Large changes in harvest areas for 2013

Provisional arable areas were published on 15 August in the first results from the 2013 June Survey of Agriculture and Horticulture. These results show the impact the terrible weather conditions in late 2012 had on the planting of winter arable crops. Compared to 2012, wheat area is down by 19 per cent and oilseed rape is 5 per cent down. There was a 92 per cent increase in the area of spring barley which was only partially offset by a 22 per cent fall in winter barley to give the largest area of barley in over a decade. There was a 71 per cent increase in uncropped arable land from 136 to 232 thousand hectares. ([see section 2.1.3](#))

Steady progress after slow start to harvest

As of the 27 August 45 per cent of the GB combinable crop has been harvested compared to 65 per cent, the average for the last 5 years.

The winter barley harvest is nearly finished, 99 per cent harvested while only 32% of spring barley is harvested. Early reports suggest both quality and yields are good for spring and winter barley. Winter wheat is 38% complete. Most of the early crops harvested were milling wheat varieties and early indications are that the quality of the milling wheat is meeting the required specifications. Winter oilseed rape harvest remains slow with just 71 per cent harvested compared to the 5 year average of 95 per cent. Yields for oilseed rape have been highly variable ranging from 0.8 to 5.5 tonnes per hectare. The estimated average of 3.3 tonnes per hectare is below the 5 year average of 3.5 tonnes per hectare. ([see section 2.1.4](#))

Vegetables fare better than fruit in 2012

Basic horticulture statistics 2012 was published on 31 July covering around 50 of the main fruit and vegetable crops (excluding potatoes). Overall 2012 fruit and vegetables values were very similar to 2011. The value of vegetables rose by 4 per cent despite production falling by 4 per cent. The affect of weather on fruit production was greater with production falling by 14 per cent which led to a 7 per cent decrease in the value of fruit. ([see section 2.1.5](#))

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1. Overall economic position

Slight fall in inflation

The Consumer Prices Index (CPI) grew by 2.8 per cent in the year to July 2013, down from 2.9 per cent in June.

The largest contributions to the fall in the rate came from air fares, plus price movements in the recreation & culture, and clothing & footwear sectors. A rise in petrol and diesel prices partially offset the fall. These latest numbers continue the trend of broadly steady inflation seen since spring 2012.

More details are in the full [statistical bulletin](#) from the Office for National Statistics.

No change in unemployment rate

The unemployment rate for April to June 2013 was 7.8 per cent of the economically active population, unchanged from the period January to March 2013. There were 2.51 million unemployed people, down 4,000 from January to March 2013.

Retail sales up

In July 2013, the quantity bought in the retail sector increased by 3.0 per cent compared with July 2012. The main sources of upward pressure came from the predominantly food and non-store retailing sectors. Feedback from supermarkets suggested that the sunny weather boosted sales across a range of products including food, alcohol, clothing and outdoor items. Over the same period, the amount spent in the retail sector increased by 1.8 per cent.

Rise in GDP

UK gross domestic product (GDP) in volume terms was estimated to have increased by 0.7 per cent between Q1 2013 and Q2 2013, revised up by 0.1 percentage points from the previously published estimate. The upwards revision to GDP between the first and second estimate can be attributed to small upwards revisions across a number of the main industrial groupings.

2. Farming

This section brings together the latest economic position for the farming sector (including UK and international input and commodity price intelligence) and the highlights of recently published evidence and research.

2.1. Economic

2.1.1. UK Prices – Inputs

- **Red Diesel:** In July 2013, the average price for red diesel rose to 69.72 pence per litre. Current prices are 4 per cent higher than July 2012.
- **Fertiliser:** The average price for 34.5 per cent UK Ammonium Nitrate bags remained at £271 per tonne for the second month running. Current prices are 8 per cent lower than July 2012. (Source: Dairy Co Datum)

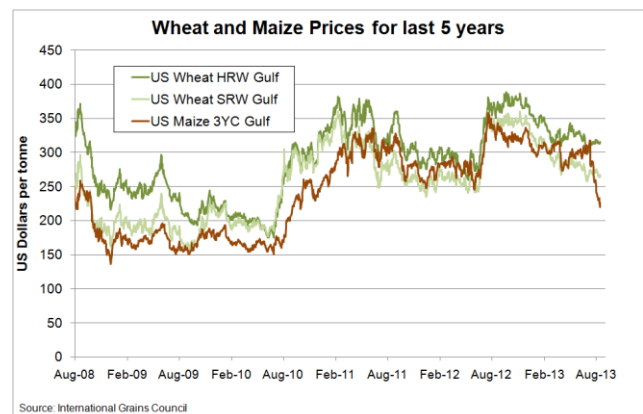
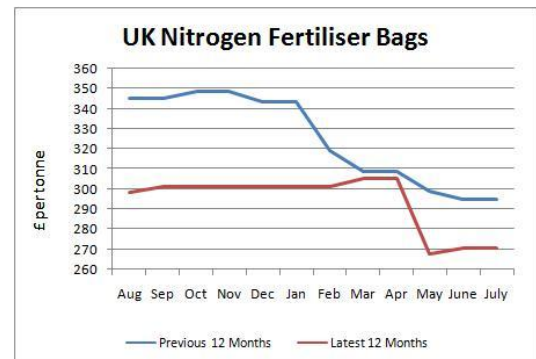
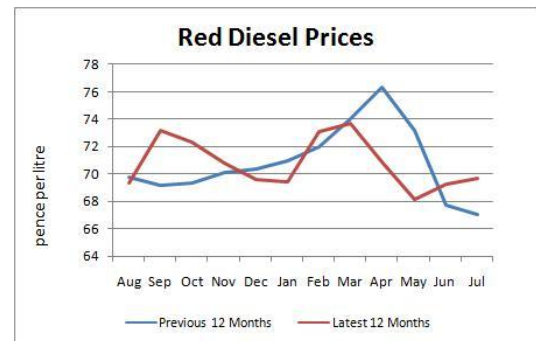
Contact: Julie Rumsey, Farming Statistics (Accounts and Prices), Julie.Rumsey@defra.gsi.gov.uk

2.1.2. Prices and Market Information – Commodities

Cereals

- The July average price of Hard Red winter wheat was \$311 per tonne, a decrease of 2.9 per cent from June. For Soft Red winter wheat the average July price was \$270, a decrease of 2.3 per cent from June. Prices available to mid August show an increase of 1.4 per cent for Hard Red Winter wheat on the July average price and a decrease of 0.4 per cent for Soft Red Winter wheat.
- Maize prices have fallen from a record high of \$358 per tonne in July 2012 to \$233 per tonne in mid August (19 per cent lower than the July average price).
- In their most recent report (12 August) the US Department of Agriculture (USDA) published its latest world supply and demand estimates for 2013/14. For wheat global production has been increased by over 7.5Mt with forecast increases for the EU (+2.77Mt), Kazakhstan (+2.5Mt) and Ukraine (+2Mt) more than offsetting the expected reduction in the Argentine crop. There is expected to be increased feed usage so the net impact on stocks is neutral with end stock forecasts remaining at around 90 days of supply.
- For maize, the USDA have reduced their 2013/14 production by 2.69Mt on last month's forecast. This is primarily due to a reduction in the US forecast of 4.75Mt although an increase of 3Mt for the Ukrainian crop offset part of this. Lower production has reduced end of season stock levels to 59 days but this is still above the estimated 52 days estimated for the 2012/13 season.
- Estimates for the 2013/14 soyabean production were revised downwards by 4.48Mt, driven by a reduction in the US crop forecast. Although demand is also reduced, stocks are seen at around 100 day supply equivalent. This is still above the 87 day supply equivalent for the 2012/13 season.

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- **Animal Feed** (source Defra): During June 2013 (the latest period for which data is available), the total GB retail production of animal feed was 872 thousand tonnes, up 6.7 per cent on the same period in 2012. For the crop year 2012/13 (July to June) the total retail production of animal feed was 10.905Mt compared to 9.965Mt in 2011/12. The increase in production of animal feed was due to a combination of wet weather, causing livestock having to be housed longer and the poor quality of the current forage crop (cold spring meant poor grass growth). Total GB integrated poultry feed production was 256 thousand tonnes, up 5.1 per cent during June 2013 compared to the same period in 2012. For the full 2012/13 crop year (July to June) total production of integrated poultry feed was 2.656Mt compared to 2.677Mt in 2011/12.
- **Flour** (source Defra): During June 2013, the total amount of wheat milled in the UK was 588 thousand tonnes, 5 per cent higher than in June 2012. Millers are experiencing difficulties sourcing quality UK milling wheat so imports are being used to meet the shortfall. The total amount of home grown wheat milled in the UK for June 2013 was 363 thousand tonnes, down 27 per cent compared with June 2012. To compensate there were 225 thousand tonnes of imported wheat milled in June, nearly 4 times more than the 60 thousand tonnes milled in June 2012. Flour production for the same period was 460 thousand tonnes, 1.8 per cent higher than in June 2012. For the 2012/13 crop year (July to June) the total quantity of wheat milled was 6.579Mt, an increase of around 11 percent on 2011/12. The use of imported wheat totalled 1.774Mt, more than two and a half times more than the previous year, whereas the total of Home grown wheat fell by 9 per cent to 4.804Mt. Total flour production (including starch manufacture and bioethanol production increased 7 percent to 5.127Mt.
- **Brewers, Distillers and Maltsters** (source Defra): During June 2013, the total usage of barley by brewers, distillers and maltsters was 160 thousand tonnes, up 3 per cent compared to June 2012. The total barley usage for the 2012/13 crop year was 1.822Mt, the highest level since 2002/04. Wheat usage by brewers, distillers and maltsters was the highest on record since 1990/91 at 794.1Kt. This was due to additional plant capacity and continued good demand for distillery products.

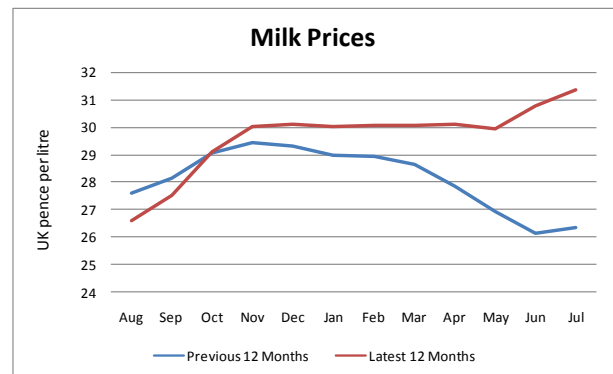
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Livestock (source: Defra)

- **Sheep:** UK home-killed production of mutton and lamb was marginally higher in July 2013 compared to July 2012, with production during the first seven months of 2013 rising by 4.4 per cent. Lamb slaughterings were higher than last year but this was mainly due to the low numbers in 2012. Throughputs of adult sheep have steadied and were 6 per cent lower than last year.
- **Cattle:** UK production of beef and veal in July 2013 was 7.6 per cent lower than the same month in 2012. During the first seven months of 2013 production fell by 3.7 per cent, with cattle supplies remaining tight and overall average weights down on last year.
- **Pigs:** UK home-killed production of pigmeat was 1.6 per cent higher in July 2013 compared to 2012, with clean pig throughputs slightly higher than last year and adult sow throughputs around 11 per cent lower, once again heavier weights helped boost production. During the first seven months of 2013, production rose by 1.0 per cent on 2012 levels.

Livestock products

- **Milk volumes:** In July 2013, the provisional volume of wholesale milk delivered to dairies in the UK was 1.1 billion litres, which was 2.3 per cent higher than the same period last year. However cumulative production for the first four months of the milk year (April to July) of 4.7 billion litres is 2.0 lower than 2012/13 due to the impact of the late spring conditions (source: RPA).
- **Milk prices:** The average UK milk price for July 2013 increased to 31.37 pence per litre (exc. bonuses), up 0.58 ppl on June and the highest on



record, representing a rise of 5.05 ppl (almost 20 per cent) on July 2012. This continues the trend of strong farm gate milk prices as market values for most dairy products have remained strong since April 2013 (source: Defra, DairyCo).

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2.1.3. Provisional arable crop areas at 1 June 2013 - England

The first results from the 2013 June Survey of Agriculture and Horticulture were [published](#) on 15 August 2013. These show the provisional estimates of key crop areas and uncropped arable land on agricultural holdings in England on 1 June 2013.

The results show large changes in crop areas between June 2012 and 2013. Terrible weather conditions left many farmers unable to plant winter sown crops. Failed crops due to pests and water-logged fields have been another contributing factor. This resulted in some farmers planting spring sown crops instead of winter crops and others leaving more arable land out of production.

Key results include a 19 per cent decrease in the wheat area, which stands at 1.5 million hectares in June 2013. A large increase (92 per cent) in spring sown barley more than offset a 22 per cent decrease in winter sown barley to give the largest total barley area in over a decade (821 thousand hectares). The total area of oilseed rape is 674 thousand hectares in 2013. Although this is a 5 per cent decrease from 2012, the area still remains the second highest on record.

The bad weather left many farmers unable to plant some crops at all. This resulted in an increased area of uncropped arable land which rose from 136 to 232 thousand hectares between 1 June 2012 and 2013.

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2.1.4. UK crop development

The period 21-27 August started dry for most regions, with plenty of harvesting opportunities. Midway through the period a band of heavy rain moved across the country bringing a halt to harvesting in many areas. The average rainfall for the week was 13mm although there were significant differences between the east and west, with eastern regions experiencing significantly higher rainfall. The average weekly air temperature was 18° C. Good harvesting conditions were possible for three days of up to 12 hours each day but the rain band brought progress to a halt in many areas on Saturday and many crops were still too wet to harvest on Sunday too. Harvest resumed on Monday and Tuesday but damp conditions in the mornings meant a delayed start and between 6-8 hours of harvesting were possible. Overall progress in the period 21-27 was better than expected despite the rain with 695,000 ha cleared bringing the total area harvested to 1.72M ha representing 45 per cent of the UK crop area (compared to the 5 year average of 65 percent harvested by this stage in August).

Harvest of **winter barley** is nearly complete with 99 per cent harvested; the only crops left to harvest tend to be those at higher altitude. Despite the late start to harvest completion was in line with in 2008 and 2012 and only a week behind those seen in 2009 and 2011. Yields have been above average in most regions with Yorkshire and the Eastern region averaging 10 – 15 per cent more than normal. In contrast the West Midlands and parts of southern Scotland have not fared as well with yields down by around 10 per cent. The current estimated national yield stands at 6.9t/ha, an 8 percent increase on the 5 year average of 6.4t/ha. The overall quality of winter barley this season is good

Harvest of **spring barley** is now 32 per cent complete. In England and Wales 43 per cent of the spring barley area had been harvested by 27 August, in line with the harvests of 2008 and 2012. In Scotland just over 10 per cent of the regional area has been harvested with only small areas ready to harvest this week. Spring barley crops were planted over a wide planting window stretching from January through to May, resulting in a wide variation in the stages of crop maturity. Early yields are above the 5 year average (5.3t/ha) at 6.2t/ha but these are based on estimates from the southern half of England and are unrepresentative of the country as a whole. As with Winter Barley the quality is considered to be good.

The **winter wheat** harvest is around 38 per cent complete and progress is in line with 2008 and 2012. The rate of harvest increased this week with 388,000ha harvested compared to 170,000ha the previous week. The majority of the area harvest between 21-27 August was in the Eastern region (133,000ha) with large

areas also harvested in East Midlands, South West and South East. Small areas have been cut in all other regions. Yields are estimated to be 7.6t/ha (based on predominantly on crops harvested in the southern half of England plus a number of early harvested crops in the north). Most of the early harvested crops were milling wheat varieties whereas most the remaining crop is feed wheat varieties which tends to out perform milling varieties. Quality data is based on early harvested crops in the southern half of England and is not representative of the country as a whole, these reports show quality of most milling samples is within the quality specification and specific weights are good. Protein levels are acceptable to variable. There are no quality reports available for crops harvested after the heavy rain which may have caused deterioration in milling sample quality.

The **oat** harvest progressed well, in total around 44 per cent of the crop has been harvested which is similar to three of the last 5 years. The harvest of winter oats is nearing completion in the south and east and the spring oat harvest now getting started. The current national yield estimate is 5.8t/ha compared to the 5 year average of 5.6t/ha although this is likely to drop when the lower yielding spring oat yield is included.

Winter oilseed rape harvest remains slow and behind all recent years with just 71 per cent of the GB area compared to 95 per cent in all of last five years. In the period 21-27 August most progress was made in the East, Yorkshire, East Midlands and West Midlands with smaller areas elsewhere. The winter oilseed rape harvest is now complete in the South East, South West and Wales. Yield has been highly variable, ranging from 0.8 – 5.5t/ha. The estimated yield remained unchanged over the previous week at 3.3t/ha which is slightly lower than the UK 5 year average of 3.5t/ha

The harvest of **spring oilseed rape** has just started in the South West, South East and Eastern region.

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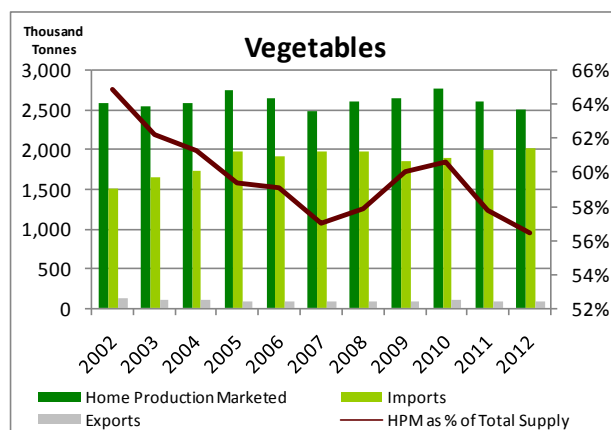
2.1.5. Basic Horticulture Statistics 2012 - UK

This annual publication was [published](#) on 31 July 2013. It provides basic statistics on the United Kingdom's area, production and value of horticulture crops from 1985 to 2012 and external trade of horticulture crops from 1988 to 2012. Around 50 of the main fruit and vegetable crops (excluding potatoes) are covered separately. In addition to this around 25 types of ornamental plants and flowers are shown with historic data from 1986 to 2004 and imports and exports data now up to 2012.

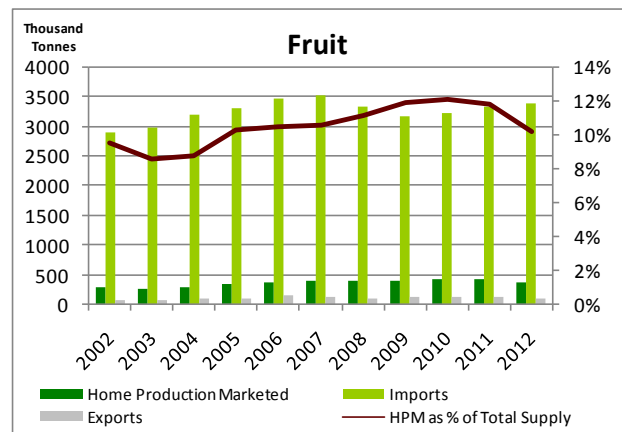
Key statistics:

- Total vegetable areas decreased slightly in 2012 by 2 per cent while total fruit areas remained unchanged.
- The overall quantity of vegetable production was down by 4 per cent and fruit production was also down by 14 per cent in 2012 compared to 2011.
- The total value of production for vegetables showed an overall increase of 4 per cent in 2012 on 2011. The value of fruit production has however decreased by 7 per cent on 2011.
- Fruit and vegetables were collectively valued at almost £1.8 billion in 2012, remaining very similar to that for 2011.

This table shows home production as a percentage of total supply for all vegetables in 2012 was 56 per cent, compared to an average of 59 per cent for the previous five years.



This table shows home production as a percentage of total supply for all fruit in 2012 was 10 per cent, similar to 2005/06 after reaching 12 per cent in the previous three years.



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3. Environment, Health and Welfare

3.1. Environment

3.1.1 Farm energy usage results – England 2011/12

A statistical release on farm energy use was [published](#) on 15 August 2013. This was a module of the Farm Business Survey principally designed to collect data for the construction of emissions estimates, to be published in late 2013, with this short release presenting results on two areas; agrochemicals and fuels. Energy use from fuel on a per hectare basis is highest on specialist poultry farms (45.8 GJ/ha) and lowest on LFA grazing livestock farms (1.6 GJ/ha). Within farm types, energy (from fuel) intensity and gross margins per hectare/livestock unit are positively related, recognising the importance of energy to intensive farming systems. It is important to note that these results are based on a small sample and have not been subject to a statistical weighting. They should not be seen as fully representative of the FBS population and care should be taken when drawing conclusions from them.

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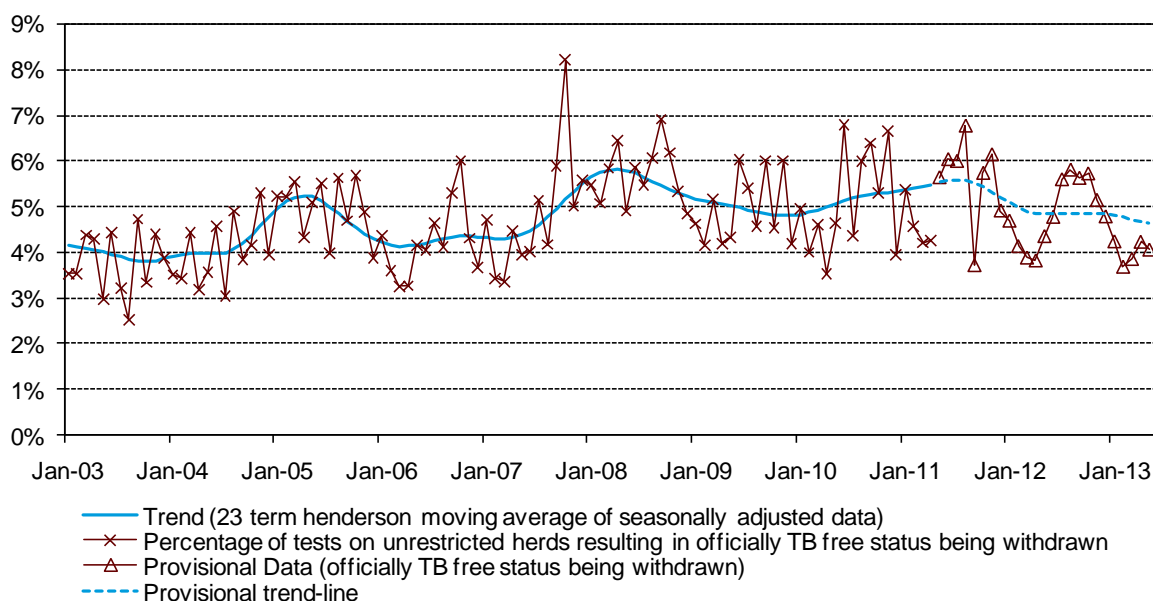
3.2. Health and Welfare

3.2.1. TB Statistics May 2013 – Great Britain

The provisional May 2013 ([published on 14 August](#)) incidence rate is 4.1 per cent, compared to 4.4 per cent in May 2012. However, care needs to be taken not to read too much into short term figures, especially as this figure includes a number of unclassified incidents. As such, the incidence rates are subject to further revisions as more tests and their results for the period are input.

The number of new herd incidents during the period January to May 2013 was 2,246 compared to 2,397 for January to May 2012. The number of tests on officially TB free herds was 35,337 during January to May 2013, compared to 37,510 during January to May 2012. The number of cattle compulsorily slaughtered as reactors or direct contacts was 15,250 during January to May 2013, compared to 15,746 during January to May 2012.

Chart 1: Number of officially TB free status being withdrawn breakdowns, as a percentage of tests on officially TB free herds (from 2003)



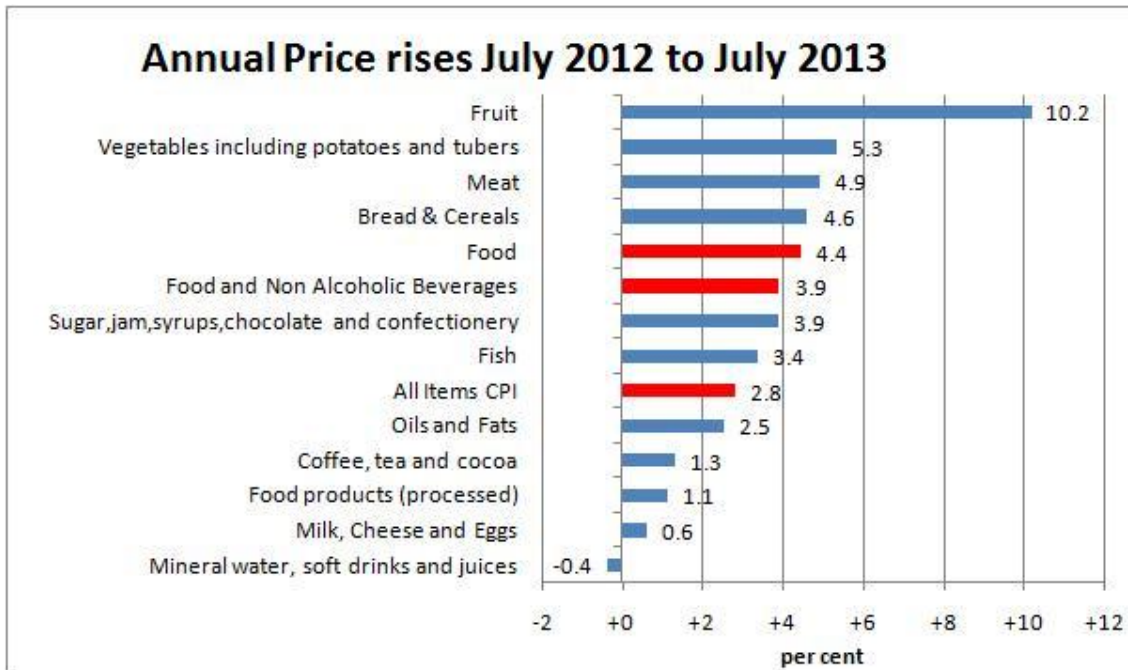
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4. Food

This section highlights current trends in food price inflation and drivers of future price changes together with the latest trade figures for food and drink.

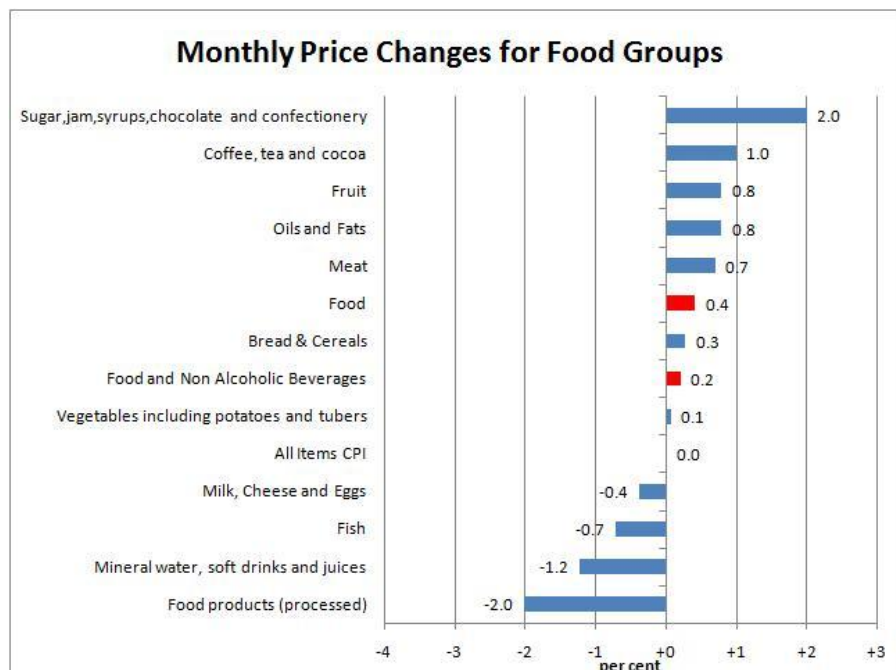
4.1. Food inflation: consumer and retail prices

Food inflation rose to 3.9 per cent in June, while general inflation fell to 2.8 per cent.



Overall, food and non alcoholic beverages had a small upward effect on the CPI annual rate. Sugar, jam, syrups, chocolate and confectionery had a small upward effect, as prices overall rose this year by more than a year ago, particularly for bags of sweets and chocolate covered ice cream bars.

Mineral waters, soft drinks and juices had a large downward effect. Prices overall fell this year but rose a year ago, with the main downward contributions coming from fruit squash, cola flavoured drinks and multi-packs of fruit drink bottles. Partially offset by a small upward contribution from fruit smoothies, where prices overall rose this year but fell a year ago.



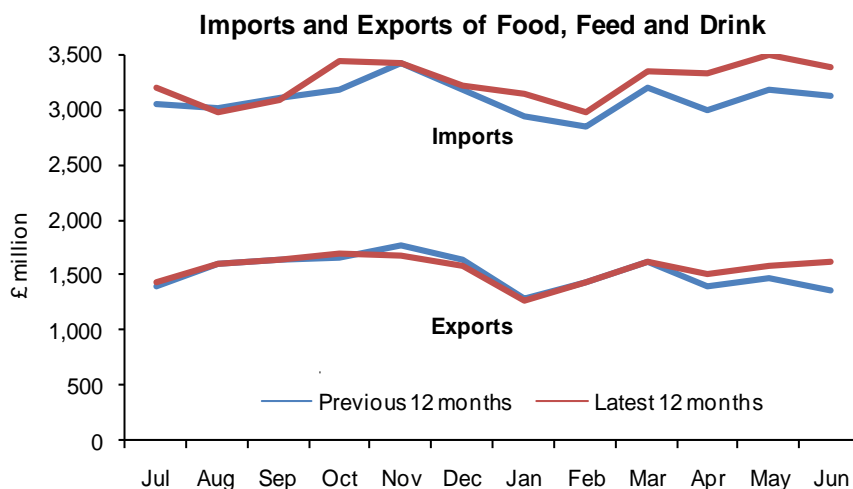
Contact: Julie Rumsey, Farming Statistics (Accounts and Prices), Julie.Rumsey@defra.gsi.gov.uk

4.2. International Trade in Food, Feed and Drink

This section shows the latest available trade figures (to June 2013).

In June:

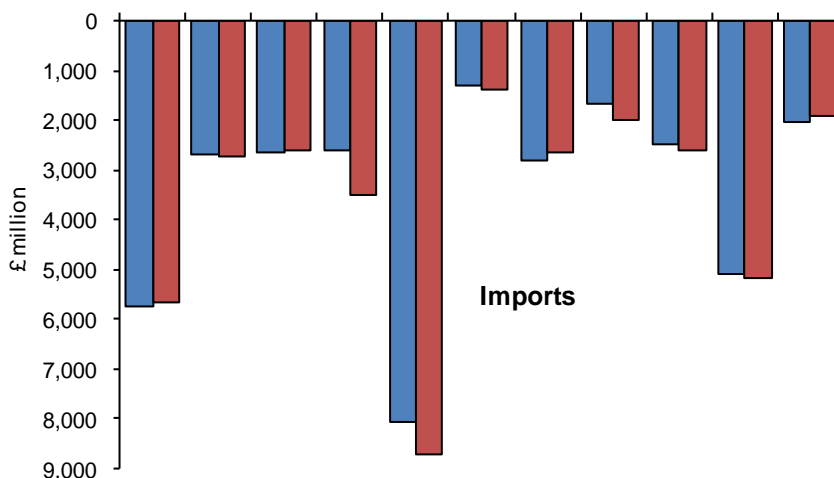
- the value of exports was £1.6 billion, 17.1 per cent higher than in June 2012;
- the value of imports was £3.5 billion, 8.3 per cent higher than the previous June;
- this resulted in a crude trade gap of minus £1.8 billion, 1.4 per cent wider than in June 2012.



The following chart shows annual trade by food group for the periods July 2011 – June 2012 and July 2012 – June 2013.

The key points on the change between these periods are as follows:

- imports of **meat and meat products** fell by £88m (-1.5 per cent), while exports fell by £42m (-2.6 per cent)
- imports of **cereals and cereal preparations** rose by £887m (33.9 per cent), while exports fell by £256m (-12.2 per cent)
- imports of **fruit and vegetables** rose by £660m (8.2 per cent), while exports rose by £24m (2.8 per cent)
- imports of **beverages** rose by £60m (1.2 per cent) while exports rose by £331m (4.9 per cent)
- imports of **oils and fats** fell by £83m (-4.1 per cent) while exports fell by £26m (-3.0 per cent)



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