



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.

Fall in farm incomes 2012/13: The latest results from the Farm Business Survey were published on 31 October. These results are for the twelve months ending February 2013 and cover the 2012 harvest year. They include the impacts of the extremely wet weather last year as well as the cold and prolonged winter.

Across most farm types farm business income fell in 2012/13 (the exceptions being specialist pig and poultry farms) as the **effect of the poor growing season and harvest** was felt across both the cropping and livestock sectors. The highest falls were on dairy and grazing livestock farms where higher feed costs were a key factor. Although input costs increased on specialist pig and poultry farms, output increased more resulting in a higher average income than the previous year on these farms. (see section 2.1.7)

The 2013 harvest was once again affected by difficult weather conditions. The delayed harvest of 2012, followed by a wet winter led to planting difficulties with many crops seeing either reduced planting or a switch from winter to spring planting. There were initial concerns regarding yields as the poor winter was then followed by a very cold spring. However, the sunshine that finally arrived in July allowed most crops to recover with many crops showing improved yields on those of 2012.

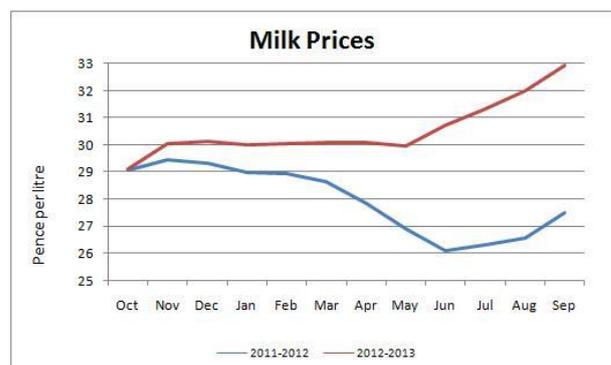
- **Barley** production for 2013 has shown a **large increase** of 29% to 7.1 million tonnes. The yield for barley increased by 6.2% to 5.8 tonnes per hectare.
- The provisional **oilseed rape** harvest has shown a **decline** of 16% to 2.1 million tonnes for 2013. This has been the result of falls in both yield and planted area. (see section 2.1.6)

Early wheat and barley supply and demand estimates for 2013/14. The provisional production **forecast** of 12.1Mt of wheat for 2013-14 is 9 per cent lower than 2012-13 but in contrast is of better quality so it likely that millers requirements for imported wheat will be lower than last season.

Provisional **barley** production is 7.102Mt, a 29 percent increase over 2012/13. With the malting and distilling sectors sufficiently supplied there is a likelihood of malting quality barley going into animal feed rations and an increase in barley exports compared to last year.

Grain used in animal feed is anticipated to be lower this year as better weather has provided better opportunities for outside grazing and fodder production. Wheat used in animal feed is forecast to be around 15% lower this year due greater availability of competitively priced barley and maize. (see section 2.1.5)

Milk prices continue to rise: The average UK milk price for September 2013 has increased by 3 per cent from the previous month to 32.95 pence per litre (exc. bonuses) as liquid milk processors look to guarantee sufficient milk supplies to fulfil existing contracts. This represents a rise of 19.8 per cent (5.45 pence per litre) on September 2012. (source: Defra, DairyCo). (see section 2.1.2)



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1. Overall economic position

The Consumer Prices Index (CPI) grew by 2.7 per cent in the year to September 2013, unchanged from August.

The largest upward effect came from air fares where prices overall, fell between August and September 2013 as they always do between these two months. The largest downward effect came from motor fuels, prices, overall, fell by 0.2% between August and September 2013 compared with a rise of 2.7% between the same two months in 2012. Food prices had a negligible overall effect on the all items 12-month rate change.

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

Slight fall in unemployment rate

The unemployment rate for June to August 2013 was 7.7% of the economically active population, down 0.1 percentage points from March to May 2013. There were 2.49 million unemployed people, down 18,000 from March to May 2013.

Retail sales

In September 2013 the quantity of goods bought in the retail sector increased by 2.2% compared with September 2012 and by 0.6% compared with August 2013. These estimates show an underlying trend of growth in the retail industry. Quarter-on-quarter, the quantity bought in the retail industry increased by 1.5%. This is the largest quarter-on-quarter rise since March 2008 when the economy as a whole was at its peak, before the economic downturn.

GDP – Preliminary Estimate, Q3 2013

GDP increased by 0.8% in Q3 2013 compared with Q2 2013. Output increased in all four main industrial groupings within the economy in Q3 2013 compared with Q2 2013. Output increased by 1.4% in agriculture, 0.5% in production, 2.5% in construction, and 0.7% in services. Output from services is now slightly above its previous peak in Q1 2008, prior to the economic downturn.

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 September 2013, the average price for red diesel rose to 71.96 pence per litre. Current prices are 1.7 per cent lower than September 2012.
- **Fertiliser:** The average price for 34.5 per cent UK Ammonium Nitrate bags remained at £271 per tonne for the fourth month running. Current prices are 10 per cent lower than September 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

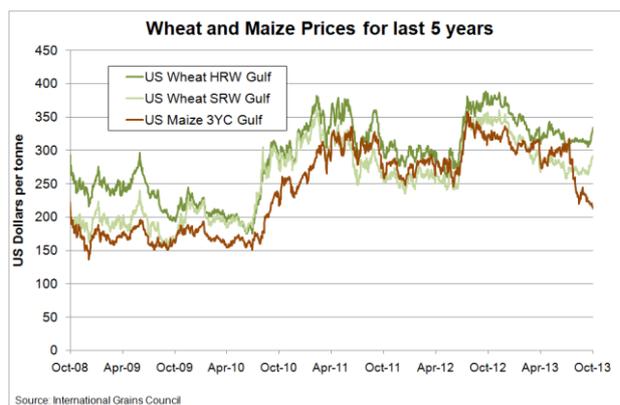
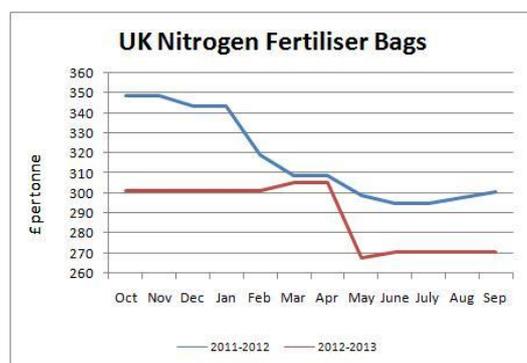
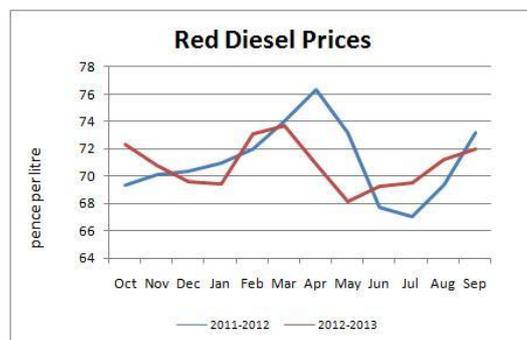
Cereals

- The September average price of Hard Red winter wheat was \$314 per tonne, unchanged since August. For Soft Red winter wheat the average September price was \$273, an increase of 1.7 per cent from August. Prices available to mid October show an increase of 6.0 per cent for Hard Red Winter wheat on the September average price and an increase of 7.3 per cent for Soft Red Winter wheat.
- Maize prices have fallen from a record high of \$358 per tonne in July 2012 to \$212 per tonne in mid October (5.9 per cent lower than the July average price).
- Due to the partial shutdown of the US Government, the flow of market information normally published by the USDA has been affected. As a result the normal monthly October World Supply and Demand estimates have not been released; the next report will be published on 8 November and will include the official view of the US maize yields (generally expected to be higher than the September estimate). The markets are reported to be quiet pending the release of official data.

Contact: Allan Howsam, Farming Statistics (Crops), allan.howsam@defra.gsi.gov.uk

- **Animal Feed** (source Defra): During August 2013 (the latest period for which data is available), the total GB retail production of animal feed was 832 thousand tonnes, up 3.1 per cent on the same period in 2012. Total GB integrated poultry feed production was 211 thousand tonnes, down 0.4 per cent during August 2013 compared to the same period in 2012.

- **Flour** (source Defra): During August 2013, the total amount of wheat milled in the UK was 497 thousand tonnes, 4 per cent higher than in August 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 August 2013 was 302 thousand tonnes, down 25 per cent compared with August 2012. To compensate, there were 195 thousand tonnes of imported wheat milled in August 2013, over 2.5 times more than the 73 thousand tonnes milled in August 2012. The high level of imports is a continued requirement by millers due to the poor quality 2012 UK wheat harvest. Flour production for the same period was 384 thousand tonnes, 1.1 per cent higher than in August 2012.

- **Brewers, Distillers and Maltsters** (source Defra): During August 2013, the total usage of barley by brewers, distillers and maltsters was 152 thousand tonnes, up 7 per cent compared to August 2012.

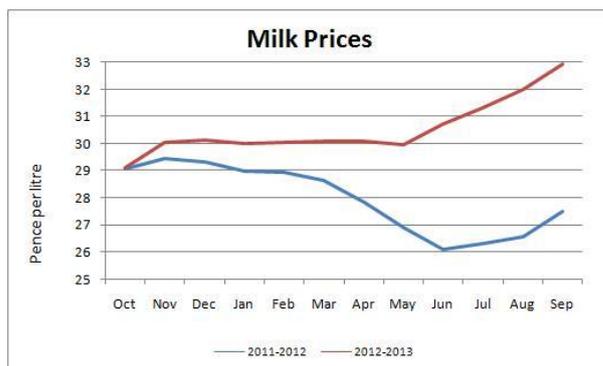
Contact: Tom Johnson, Farming Statistics (Crops), tom.johnson@defra.gsi.gov.uk

Livestock (source: Defra)

- **Sheep:** UK home-killed production of mutton and lamb was 7.4 per cent higher in September 2013 compared to September 2012, as marketing patterns return to normal. Production during the first nine months of 2013 rose by 5.2 per cent, with lamb slaughterings remaining higher than last year but this is mainly due to the low numbers in 2012 due to weather disruptions.
- **Cattle:** UK production of beef and veal in September 2013 was 4.6 per cent lower than the same month in 2012. With overall average weights down on last year and supplies remaining tight, production during the first nine months of 2013 fell by 4.2 per cent.
- **Pigs:** UK home-killed production of pigmeat was 1.6 per cent higher in September 2013 compared to 2012, with clean pig throughputs slightly higher and adult sow throughputs around 3.3 per cent lower than last year. Production for January to September 2013 was 0.9 per cent higher compared to the year previous with heavier weights continuing to help production levels.

Livestock products

- **Milk volumes:** The provisional volume of wholesale milk delivered to UK dairies during September 2013 was 1.1 billion litres. This represents a 6.5 per cent increase on the same period last year as recent weather conditions have led to improved silage quality and availability. Cumulative production for the first six months of the milk year of 6.8 billion litres was 0.4 per cent higher than 2012/13 as recent favourable weather conditions have helped milk production recover following the poor spring period. (source: RPA).
- **Milk prices:** The average UK milk price for September 2013 has increased by 3 per cent from the previous month to 32.95 pence per litre (exc. bonuses) as liquid milk processors look to guarantee sufficient milk supplies to fulfil existing contracts. This represents a rise of 19.8 per cent (5.45 pence per litre) on September 2012. (source: Defra, DairyCo).



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

Contact: Helen Mason, Farming Statistics (Livestock), Helen.Mason@defra.gsi.gov.uk

2.1.3. Cereal and Oilseed production, Crop areas and animal populations as at 1 June 2013 - UK

Provisional results from the 2013 [June Survey of Agriculture and Horticulture](#) were published on 17 October 2013 showing the provisional estimates of land use, crop areas and cattle, sheep and pig populations on agricultural holdings in the UK on 1 June 2013. Provisional results from the [cereals and oilseed rape production survey](#) were released on 17 October 2013.

Key results: utilised agricultural area (UAA) of 17.3 million hectares in the UK. The utilised agricultural area is made up of all arable and horticultural crops, uncropped arable land, land used for outdoor pigs,

temporary and permanent grassland and common rough grazing. The total croppable area accounts for 37% of the UAA and increased by 0.8% to 6.3 million hectares in 2013.

Difficult weather conditions led to many farmers growing spring sown crops instead of winter sown varieties in 2013. This is highlighted by the decreases seen in wheat, winter barley and winter oilseed rape and the increases in spring sown barley and spring oilseed rape. In some cases conditions were so bad that crops were not planted and as a result the area of land left uncropped and out of production saw a large increase (66%).

The 2013 harvest was once again affected by difficult weather conditions. The delayed harvest of 2012, followed by a wet winter led to planting difficulties with many crops seeing either reduced planting or a switch from winter to spring planting. There were initial concerns regarding yields as the poor winter was then followed by a very cold spring. However, the sunshine that finally arrived in July allowed most crops to recover with many crops showing improved yields on those of 2012.

Barley production for 2013 has shown a large increase of 29% to 7.1 million tonnes. This increase has been driven by the large increase in the area of Spring Barley planted which increased by 46% to 902 thousand hectares. The area of winter barley decreased by 19% to 313 thousand hectares. The yield for barley increased by 6.2% to 5.8 tonnes per hectare.

The provisional oilseed rape harvest has shown a decline of 16% to 2.1 million tonnes for 2013. This has been the result of falls in both yield and planted area. The yield has decreased by 11% to 3.0 tonnes per hectare following the very poor weather over the winter and spring. The area has decreased by 5.2% to 716 thousand hectares.

The total number of cattle and calves in the UK is 9.8 million in June 2013, a 0.6% decrease since 2012. Sheep and lambs in the UK are 32 million in June 2013, showing almost no change since 2012 increased. The total number of pigs in the UK increased by 8.2% to 4.8 million animals in 2013. This was as a result of the 9.4% increase seen in the number of fattening pigs which rose from 4 million in 2012 to 4.3 million in 2013.

Contact: Jen Blackburn, Farm Surveys (Analysis and Evidence), jen.blackburn@defra.gsi.gov.uk

2.1.4. Defra UK Wheat and Barley Cereals Balance Sheet 2012/13

The Defra estimates of UK supply and demand for the 2012-13 crop year (July – June) were [published](#) 23 September on the HGCA website.

The 2012-13 balance sheet was characterised by higher than expected levels of imports of wheat and maize. For both oats and maize further investigations are on-going to examine the discrepancy between Defra usage and stocks data and HMR&C trade data. In particular HMR&C imports are much higher than indicated by the usage and stocks data.

The tables can be viewed [here](#).

Contact: Allan Howsam, Farming Statistics (Crops), allan.howsam@defra.gsi.gov.uk

2.1.5. AHDB / HGCA Early Supply and Demand Estimates 2013/14

The annual forecast AHDB/HGCA Early Balance Sheet for the 2013-14 crop year for wheat and barley only was published on 14 October to provide the industry with information before the first official Defra Balance Sheets are published on 27 November. The Early Balance Sheet incorporates the provisional Defra Wheat and Barley production figures (see item 2.1.3 for further details). The provisional production figures of 12.101Mt of **wheat** is 9 per cent lower than last year but in contrast is of better quality so it is likely that millers requirements for imported wheat will be lower than last season. In addition there is expected to be growth in the bio-fuels sector, forecasts are conservative given plants are not yet up to capacity. Animal feed usage of grain is anticipated to be lower this year as better weather in summer and autumn have provided better opportunities for outside grazing and fodder production. Wheat used in animal feed is forecast to be around 15% lower this year due to greater availability of competitively priced barley and maize. Provisional **barley**

production is 7.102Mt, a 29 percent increase over 2012/13. With the malting and distilling sectors sufficiently supplied there is a likelihood of malting quality barley going into animal feed rations and an increase in barley exports compared to last year.

The Early Balance Sheet commentary and tables can be seen [here](#).

Contact: Allan Howsam, Farming Statistics (Crops), allan.howsam@defra.gsi.gov.uk

2.1.6. UK crop development 2013 harvest

The final UK harvest report for 2013 was published on 27 September by which time the harvest of combinable crops was complete. For **wheat** the first crops were harvested in early August with rapid clearance from late August through early September due to near perfect weather conditions. These ideal conditions brought the harvest in line with many recent harvests and well ahead of the wet harvests of 2008 and 2012. The final crops were harvested in late September with a slower rate of clearance due to reduced harvest hours per day and more unsettled weather. Crops established early on well drained soils performed well with some very high yields although there was a wide variation in reported yields between 2.5t/ha and 13t/ha. Overall yields were below the 5 year average of 7.7t/ha due to a combination of factors including compaction and poor soil structure, late drilling, water stress on lighter soils in July, and a higher proportion of spring wheat.

The harvest of **winter barley** was complete by 27 August whereas the harvest of **spring barley** started in England between 7-13 August and together with the Welsh harvest had been completed by the third week of September. The harvest was quite protracted because of the wide planting window between February and late May led to ripening over a period of weeks. Yields were better than the 5 year average of 5.3t/ha, this may have been aided by more barley planted on heavier soils normally used for winter wheat.

By the end of September the oats harvest complete, generally the harvest progressed at a steady rate with a hold up in mid September as wet weather and other crops took priority. Yields showed a wide variation across the country with the South East, West Midlands North East and Scotland experiencing lower than usual yields whereas the South West, Eastern and Yorkshire regions fared better than normal.

The **winter oilseed rape** harvest was completed in the first half of September. Yields were below the 5 yr average of 3.5t/ha but not as bad as first feared. The **spring oilseed rape** crop was harvested later than usual due to late drilling and was completed by the end of September. Yields were slightly above the 5 year average.

Harvesting of **combinable peas** started in the period 7-13 August and was complete by 17 September. There were no delays in harvesting and the majority of crops were harvested before lodging and rain damage occurred. Yields were reported at around 3.7t/ha, above the 5 year average. Quality was variable with some bleaching in later harvested crops. There were few reports of staining and most crops had good colour. **Winter fields beans** were harvested by the end of September, yields were below the 5 year average of 4.0t/ha at 3.2t/ha. Quality was below average, with limited samples suitable for human consumption. The harvest of **spring field beans** was largely complete by the end of September with only a few small areas left to harvest. Yields were similar to that for winter beans but with a wide variation between the Eastern region where yields of 4.3t/ha were common and the South East where yields were around 2.6t/ha. Although seed size was quite small the quality was generally better than winter samples.

Contact: Allan Howsam, Farming Statistics (Crops), allan.howsam@defra.gsi.gov.uk

2.1.7. Farm Business Survey 2012/13 England Income Results

The [latest results](#) from the Farm Business Survey in England were published on 31 October 2013. These figures are for March/February years with the latest estimates covering the **2012 harvest** and including the 2012 rate of Single Farm Payment (which is included within total farm output and therefore contributes to Farm Business Income). Forecasts of income by farm type for the year ending February 2014 and covering the 2013 harvest will be published in January 2014.

Average Farm Business Income fell across most farm types in 2012/13 (the exceptions being specialist pig and poultry farms) as the effect of the poor growing season and harvest was felt across both the cropping

and livestock sectors. For the cropping sector lower yields and quality were offset to some extent by higher prices. However the additional impact of higher costs resulted in a fall in incomes.

On dairy and grazing livestock farms (lowland and LFA) higher feed prices was a key driver behind lower incomes. On dairy farms, average Farm Business Income fell substantially by around 40 percent to £51,000. Although agricultural output was higher, largely due to higher milk prices, input costs increased to a greater extent, particularly for feed. This is likely to reflect increased volumes as well as higher prices for purchased feed and forage due to a combination of reduced grazing days and lower quality home produced forage.

Large falls in average incomes were seen on grazing livestock farms in both the lowland and less favoured area in 2012/13 (table 1). Lower livestock output reflecting lower sheep prices in 2012, combined with higher costs, resulted in a 48 percent fall in incomes on lowland grazing farms and a 33 percent fall for LFA grazing livestock farms.

For specialist pig and specialist poultry farms, incomes increased via higher output which was only partially offset by higher input costs, particularly for feed. On poultry farms average incomes doubled due to higher output from broilers and other poultry. Note that the weighting methodology for specialist poultry farms was changed in 2012/13 to improve the reliability of the results for farms with poultry.

The single payment for 2012/13 was on average 12% lower than the previous year due to the pound strengthening against the euro.

Farm Income forecasts for 2013/14 will be published at the end of January 2014. Current indications are that profitability will improve across most sectors. The better grazing conditions will have reduced pressure on feed supplies for dairy and grazing livestock farms and a fall in cereal prices should make purchased feed cheaper for the coming winter. Milk, beef and sheep prices have also been higher than last year. On cropping farms, yields and quality have been better than expected despite the poor conditions at planting. However the fall in cereal and oilseed rape prices combined with a switch to lower yielding spring crops will have a negative impact on profitability, so incomes may fall further for cereal and general cropping farms.

3. Environment, Health and Welfare

3.1. Health and Welfare

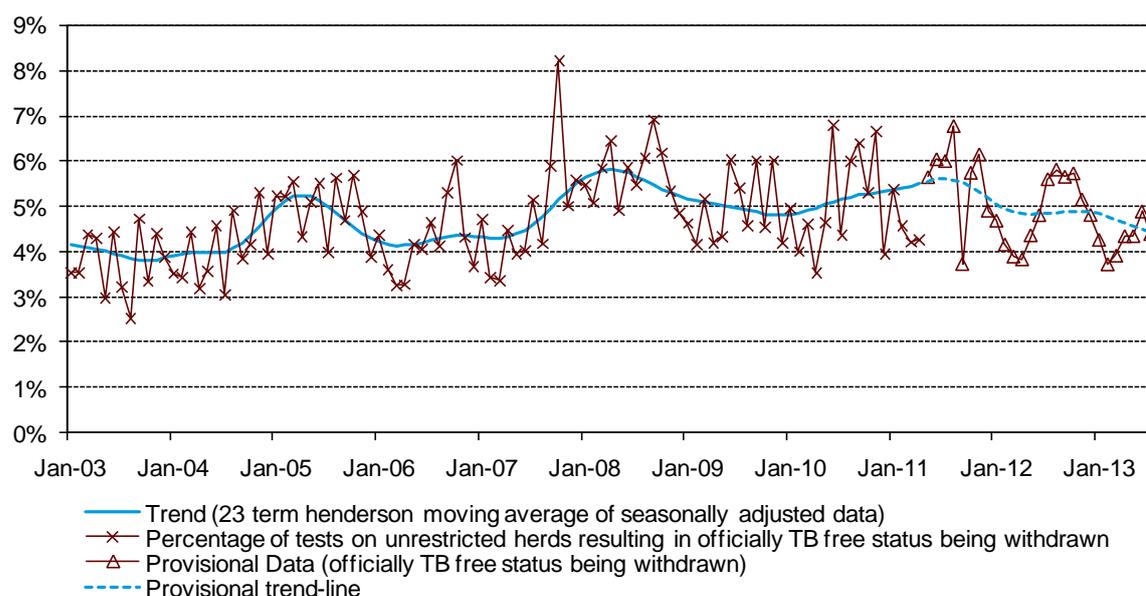
3.1.1. TB Statistics July 2013 – Great Britain

Short term changes in these statistics should be considered in the context of long term trends. The charts and tables in this statistical notice illustrate how the trend in bovine TB incidence has changed since 1996.

The provisional incidence rate (published on 16 October) for January to July 2013 is 4.2% compared to 4.4% for January to July 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 July 2013 was 2,873 compared to 3,039 for January to July 2012. The number of tests on officially TB free herds was 42,945 during January to July 2013, compared to 45,545 during January to July 2012. The number of cattle compulsorily slaughtered as reactors or direct contacts was 19,988 during January to July 2013, compared to 21,581 during January to July 2012.

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



Contact: Animal and Plant Health Evidence and Analysis (APHEA), tbstatistics@defra.gsi.gov.uk

4. Food

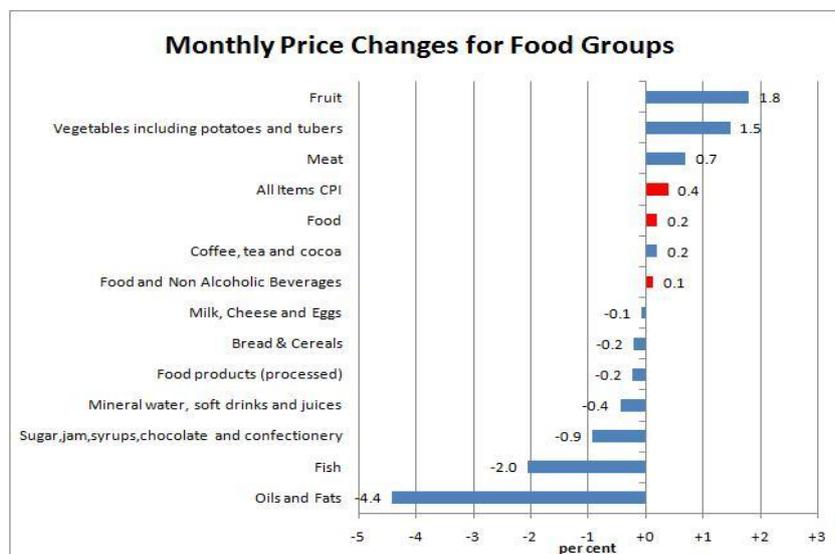
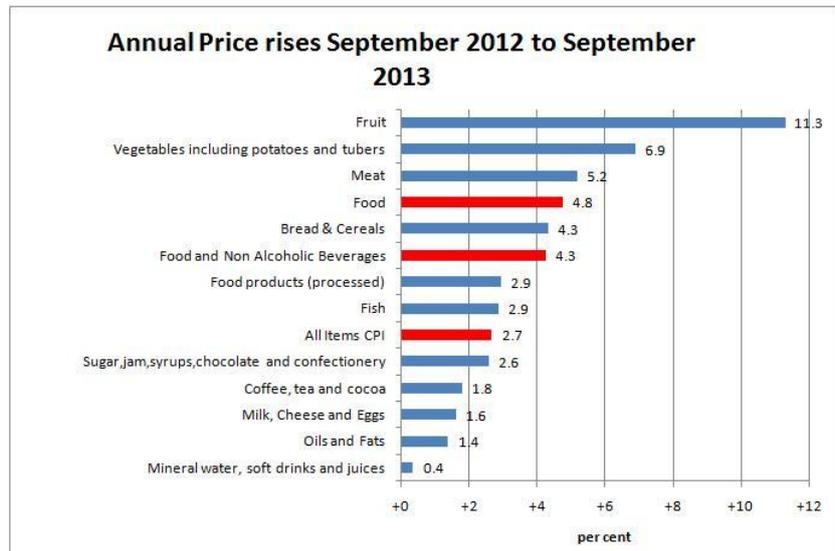
This section highlights current trends in food price inflation and drivers of future price changes together with the latest trade figures for food and drink.

4.1. Food inflation: consumer and retail prices

The Consumer Price Index (CPI) grew by 2.7 per cent in the year to September, unchanged from August. Food inflation rose to 4.3 per cent in September. The largest upward effect came from air fares where prices overall, fell between August and September 2013 as they always do between these two months. The fall this year (18.7%) was smaller than the fall a year ago (25.2%) resulting in an upward contribution to the change in the CPI from air fares. The largest downward effect came from motor fuels, prices, overall, fell by 0.2% between August and September 2013 compared with a rise of 2.7% between the same two months in 2012. Food prices had a negligible overall effect on the all items 12-month rate change.

Overall, food and non alcoholic beverages had a negligible effect on the CPI annual rate. There were small upward contributions from fruit; meat; and vegetables including potatoes. Offset by bread and cereals; fish; oils and fats; and sugar, jam, syrups, chocolate and confectionery.

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 August 2013).

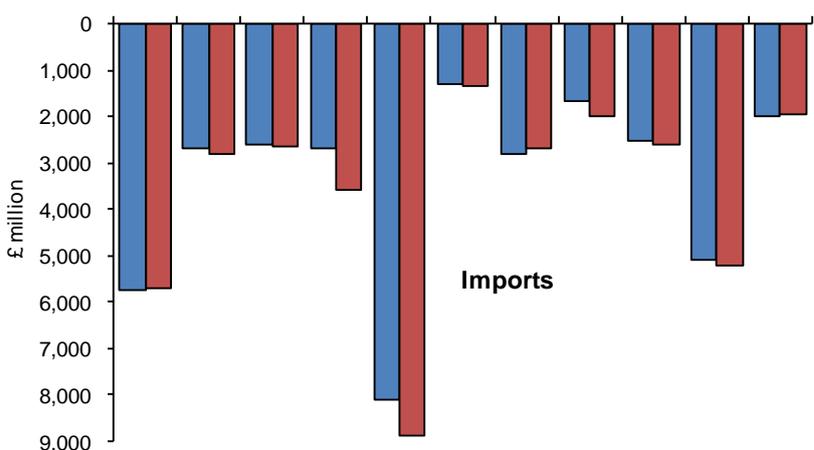
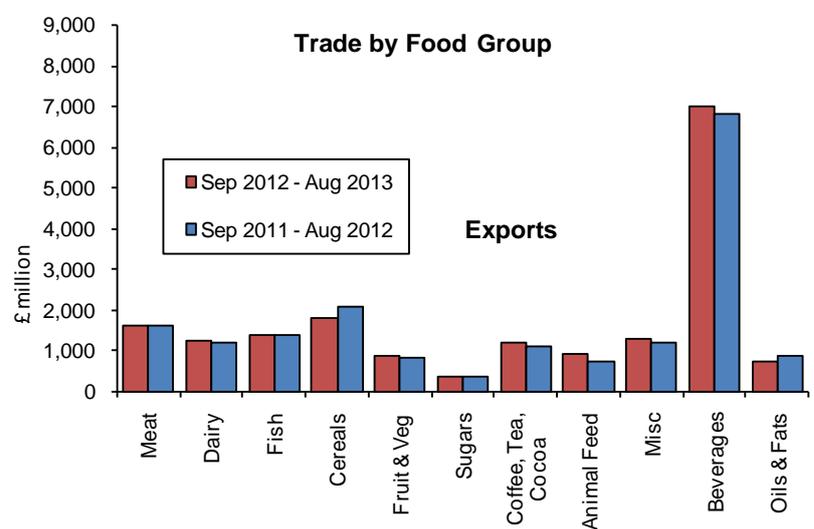
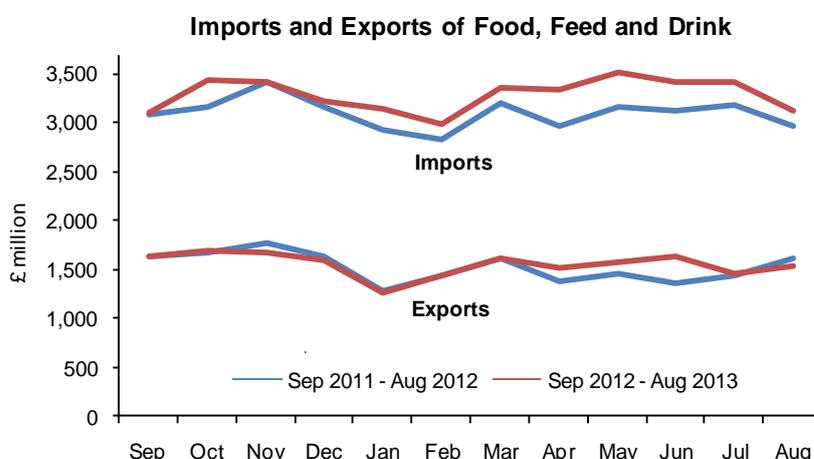
In August:

- the value of exports was £1.5 billion, 4.1 per cent lower than in August 2012;
- the value of imports was £3.1 billion, 4.6 per cent higher than the previous August;
- this resulted in a crude trade gap of minus £1.6 billion, 14.7 per cent wider than in August 2012.

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

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

- imports of **meat and meat products** fell by £64m (-1.1 per cent), while exports rose by £18m (1.1 per cent)
- imports of **cereals and cereal preparations** rose by £895m (33.1 per cent), while exports fell by £254m (-12.2 per cent)
- imports of **fruit and vegetables** rose by £740m (9.1 per cent), while exports rose by £40m (4.6 per cent)
- imports of **beverages** rose by £136m (2.7 per cent) while exports rose by £200m (2.9 per cent)
- imports of **oils and fats** fell by £53m (-2.6 per cent) while exports fell by £142m (-15.9 per cent)



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Contact: Joanne Gardiner, Farming Statistics (Trade), joanne.gardiner@defra.gsi.gov.uk