



Headline summary

UK Harvest 2014: Provisional UK wheat production is estimated to be 16.6 million tonnes and is 39% higher than last year and the largest harvest since 2008. Wheat imports are therefore forecast to be 41% lower at 1.3 million tonnes than last year, as the good supply and quality of the UK crop is expected to meet the majority of domestic demand.

Provisional UK barley production is 7.1 million tonnes, which is around 1% lower than last year. (see section 2.1.2)

Farm incomes for 2013/14: The latest results from the Farm Business Survey were published on 30 October. These results are for the 12 months ending February 2014 and cover the 2013 harvest year. The impact of the wet autumn in 2012 and the cold, late spring in 2013 continued to be felt on cereals, general cropping, mixed and grazing livestock farms where average Farm Business Income fell. However incomes increased on dairy, specialist pig and specialist poultry farms where output, and subsequently Farm Business Income increased. (see section 2.1.4)

UK croppable area 2014: Provisional results show total croppable area in the UK has decreased by 0.7% to almost 6.3 million hectares. However, as a result of improved weather conditions in 2014, farmers have been able to plant crops on land that had to be left out of production in 2013. This has led to a 37% decrease in the area of uncropped arable land, from 255 thousand hectares in 2013, to 160 thousand hectares in 2014 (see section 2.1.3.)

Farm gate milk prices September 2014: The average farm gate milk price in September 2014 was 31p per litre (6.6% lower than at September 2013). The falling price is as a result of higher domestic production (2014 UK milk production is 9% higher than the same period last year) and low global dairy prices. Further price reductions have been publicly announced by several large processors for the coming months.



Contents

1. Overall economic position	3
2. Farming	4
2.1. Economic	4
2.1.1. Prices and Market Information – Commodities	4
2.1.2. AHDB / HGCA Early Supply and Demand Estimates 2014/15	6
2.1.3. Farming Statistics – provisional crop areas, yields and livestock populations at 1 June 2014: UK	7
2.1.4. Farm Business Survey 2013/14 England Income Results	7
3. Environment, Health and Welfare	8
3.1. Health and Welfare	8
3.1.1. TB Statistics June 2014 – Great Britain	8
4. Food	10
4.1. Food inflation: consumer and retail prices	10
4.2. International Trade in Food, Feed and Drink	11

1. Overall economic position

Consumer Price Index

- The Consumer Prices Index (CPI) grew by 1.2% in the year to September 2014, down from 1.5% in August.
- Falls in transport costs (notably sea fares and air fares) and prices for a range of recreational goods provided the largest contributions to the slowdown in the rate of inflation between August and September. More details are in the full [statistical bulletin](#) from the Office for National Statistics.

Labour Market Statistics

- Comparing the estimates for June to August 2014 with those for March to May 2014, employment continued to rise and unemployment continued to fall. These changes continue the general direction of movement since late 2011/early 2012.
- There were 30.76 million people in work. This was 46,000 more than for March to May 2014, the smallest quarterly increase since March to May 2013. Comparing June to August 2014 with a year earlier, there were 736,000 more people in work.
- There were 1.97 million unemployed people, 154,000 fewer than for March to May 2014 and 538,000 fewer than a year earlier. This is the largest annual fall in unemployment on record. Records for annual changes in unemployment begin in 1972.
- There were 9.03 million people aged from 16 to 64 who were out of work and not seeking or available to work (known as economically inactive). This was 113,000 more than for March to May 2014 but 46,000 fewer than for a year earlier.

Retail Sales

- The quantity bought in the retail industry in September 2014 was estimated to have decreased by 0.3% compared with August 2014. However, it increased by 2.7% compared with September 2013 making this the 18th consecutive month of year-on-year growth. This is the longest period of sustained year-on-year growth since May 2008, when there were 31 periods of growth.
- The underlying pattern continues to show growth with the rolling three-month on three-month growth rate increasing by 0.3%. However, this was the slowest growth seen in this measure throughout 2014.
- Textile, clothing and footwear sales provided the greatest source of down wards pressure, decreasing by 7.8% compared with August 2014, and by 4.1% compared with September 2013. Feedback from retailers suggested the fall was a result of unseasonably warm weather meaning consumers have delayed purchases of autumn and winter clothing.
- Average store prices (including petrol stations) fell by 1.4% in September 2014 compared with September 2013. This was the largest fall since July 2009. The largest contribution to this fall came from petrol stations, down by 5.4%. Prices at food stores fell by 0.3%, the largest fall since December 2004 when it also fell by 0.3%.

GDP

- Change in gross domestic product (GDP) is the main indicator of economic growth. GDP increased by 0.7% in Q3 2014 compared with growth of 0.9% in Q2 2014.
- Output increased in all four main industrial groupings within the economy in Q3 2014. In order of their contribution, output increased by 0.7% in services, 0.5% in production, 0.8% in construction and 0.3% in agriculture.
- The preliminary estimate of GDP is produced using the output approach to measuring GDP. At this stage, data content is less than half of the total required for the final output estimate. The estimate is subject to revision as more data become available, but these revisions are typically small between the preliminary and third estimates of GDP.

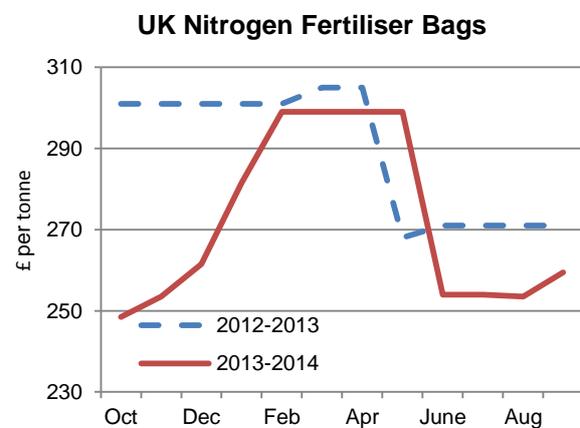
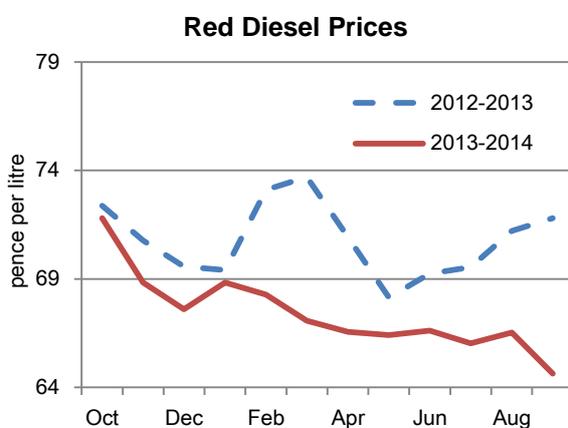
2. Farming

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

UK Prices – Inputs:

- **Red Diesel:** In September 2014, the average price for red diesel fell to 64.13 pence per litre. Current prices are 10.7% lower than September 2013.
- **Fertiliser:** The average price for 34.5% UK Ammonium Nitrate bags rose to £259.50 per tonne. Current prices are 4% lower than September 2013. (Source: Dairy Co Datum)

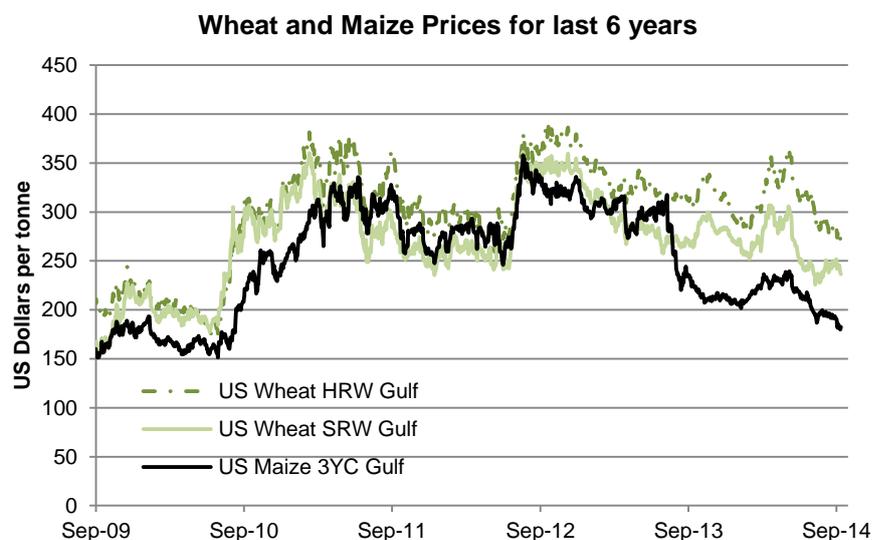


Contact: Graham Brown, Farming Statistics (Accounts and Prices), Graham.Brown@defra.gsi.gov.uk

2.1.1. Prices and Market Information – Commodities

Cereals

- The September 2014 average price for Hard Red winter wheat was \$277 per tonne, which was a 19% decline from the May 2014 average price of \$342 as markets react to the latest harvest information. The 2014 decline in prices has been steeper than that seen in 2013 when prices of Hard Red winter wheat fell from \$330 in May to \$311 in June. Soft Red winter wheat followed a similar pattern.
- Maize prices have fallen from a record high of \$358 per tonne in July 2012 to \$184 per tonne in mid-October 2014 (0.3% lower than the September average price).



Source: International Grains Council www.igc.int

- The USDA published their latest bulletin on 10 October 2014. For **Wheat** the USDA increased 2014-15 world wheat supplies by 1.2Mt to 721.1Mt with gains in the EU partially offset by reduced forecasts in Australia and Canada. World wheat demand is revised higher by just over 4.1Mt to 714.1Mt, this has in turn reduced the end of season stock forecast by 3.8Mt to 192,6Mt.
- For **Maize** the USDA made an increase to their global production by 3.2Mt to 990.7Mt. US production was raised by 2.0Mt to 367Mt and EU production by 2.7Mt to 71.0Mt, more than enough to offset a 1.0Mt reduction in the forecast for Ukraine (25Mt). World demand was forecast to increase to 973.1Mt, an increase of 2.4Mt. The net overall result was the forecast of end of season closing stocks was increased by 0.7Mt to 190.6Mt.
- For **Soyabean** the USDA have made few adjustments to last month's forecasts (the next few months though will see the focus shift into the South American growing season. World production was forecast to marginally increase by 0.1Mt to 311.2Mt whereas demand was forecast to decline by 0.7Mt leaving end of season closing stocks at 90.7Mt.

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

- **Animal Feed** (source Defra): During August 2014 (the latest period for which data is available), the total GB retail production of animal feed was 796 thousand tonnes, down 3.8% compared to August 2013. Total GB integrated poultry feed production was 200 thousand tonnes, down 1.4% during August 2014 compared to the same period in 2013.
- **Flour** (source Defra): During August 2014, the total amount of wheat milled in the UK was 530 thousand tonnes, 6.2% higher than in August 2013. The total amount of home grown wheat milled in the UK for August 2014 was 367 thousand tonnes, up 21.8% compared with August 2014. There were 163 thousand tonnes of imported wheat milled in August 2014, down 17.5% compared with August 2013. This is because we are comparing this year's data against August 2013 data which was influenced by a poor quality 2012 harvest. Flour production for the same period was 406 thousand tonnes, 5.1% higher than in August 2013.
- **Brewers, Distillers and Maltsters** (source Defra): During August 2014, the total usage of barley by brewers, distillers and maltsters was 164 thousand tonnes, up 6.9% compared to August 2013.

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

Livestock (source: Defra)

- **Sheep:** UK clean sheep slaughterings were 1.0% higher than in September 2013 at 1119 thousand head. Mutton and lamb production was 25 thousand tonnes, 1.3% higher than in September 2013. The year to date change in production (Jan to Sept) is 2.9% higher in comparison with the same period last year.
- **Cattle:** UK prime cattle (steers, heifers and young bulls) slaughterings were 0.6% higher than in September 2013 at 151 thousand head. Beef and veal production was 68 thousand tonnes, 1.8% higher than in September 2013. The year to date change in production (Jan to Sept) is 3.5% higher in comparison with the same period in 2013
- **Pigs:** UK clean pig slaughterings were 3.6% higher than in September 2014 at 822 thousand head. Pigmeat production was 70 thousand tonnes, 5.7% higher than in September 2013. The year to date change in production (Jan to Sept) is 2.8% higher in comparison with the same period last year.

Livestock products

- Milk Volumes:** The provisional volume of wholesale milk delivered to UK dairies during September 2014 was 1.1 billion litres, 7% (79m litres) higher than in September 2013 and 7% higher than the previous 10 year average as dairy farmers responded to higher prices and improved feed availability earlier in the year. Milk production remains high across the EU; EU27 milk production for January to June 2014 was 5% higher than the same period in 2013 and 7% higher than the average for the same period in 2006-2013. The increase in global and EU milk production has put downward pressure on commodity prices which, at some point, will send the market signal through to the dairy sector to reduce milk production and bring supply and demand back into balance (source: RPA).
- Milk Prices:** The average UK farmgate milk price for September 2014 was 30.81 pence per litre (inc. bonus payments); 0.9% lower than August 2014 and 6.6% lower than September 2013. The usual uplift in prices through autumn has not been apparent, as falling returns from global dairy commodity markets and increased milk production, both in the UK and EU, have led milk processors to reduce the price they pay to farmers for their raw milk supply. (source: Defra).



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

2.1.2. AHDB / HGCA Early Supply and Demand Estimates 2014/15

The annual forecast AHDB/HGCA Early Balance Sheet for the 2014-15 crop year for **wheat** and **barley** only was published on 13 October to provide the industry with information before the first official Defra Balance Sheets are published on 26 November. The Early Balance Sheet incorporates the provisional Defra Wheat and Barley production figures.

The provisional production figure of 16.621Mt of wheat is 39 % higher than last year and the largest crop since 2008-09. Imports are forecast to be 41 % lower at 1.3Mt as good supply and quality of the UK crop will be expected to meet the majority of domestic demand. The start of the season has seen a high level of imports but this is expected to decline now that the quantity and quality of this year's harvest has been confirmed. Wheat demand from the Human and Industrial Sector is forecast to be 7 % higher than last year at 7.934Mt, mainly due to the UK's bioethanol plants utilising more of their capacity. Demand from Flour millers is expected to be similar to last year but a higher extraction rate, based on quality results from the AHDB/HGCA Cereal Quality Survey Suggests that less wheat may be required. Animal feed usage is expected to be lower than last year but wheat will make a larger proportion of the feed ration due to its greater availability and price competitiveness against other cereals. Wheat usage in animal feed is forecast to be 7.027Mt, 9 % higher than 2013-14. The balance of availability and domestic consumption is 4.844Mt; double that of 2013-14. When operating stock requirements are accounted for it is estimated that a surplus of 3.344Mt is left available to export or hold as free stock.

Provisional **barley** production is 7.102Mt, which is only 65kt lower than the 2013 harvest. Human and Industrial usage is forecast at 1.973Mt, 1 % higher than last year, demand from the distilling sector remains strong but further growth is restricted by capacity limitations. Animal Feed usage of barley is forecast to 3 % lower as wheat recaptures a larger share of the animal feed production. The balance of availability and domestic consumption is 2.931Mt, 394kt higher than last year, suggesting higher exports will be required to prevent a fifth consecutive annual increase in closing stocks.

The Early Balance Sheet commentary and tables can be seen on the HGCA [website](#).

2.1.3. Farming Statistics – provisional crop areas, yields and livestock populations at 1 June 2014: UK

Provisional estimates for land use, crop areas and livestock populations on agricultural holdings in the UK and the size of the UK cereals and oilseed rape harvest for 2014 were published on 16 October 2014. The results can be found [here](#).

Key results included little change in the utilised agricultural area (UAA) in the United Kingdom which stands at 17.2 million hectares in June 2014. The total croppable area represents over a third of the UAA and decreased by 0.7% to almost 6.3 million hectares in 2014.

As a result of improved weather conditions in 2014, farmers have been able to once again plant crops on land that had to be left out of production in 2013. This has led to a 37% decrease in the area of uncropped arable land which fell from 255 thousand hectares in 2013 to 160 thousand hectares in 2014. The area of land used for cereal crops saw a 4.7% increase in 2014 and now stands at 3.2 million hectares. The ratios between winter and spring sown crops have also returned to more typical levels seen prior to 2013.

Wheat, winter barley and oilseed rape production all increased in 2014 showing a recovery from the difficult weather conditions of last winter and spring. Oats and spring barley both showed decreases in production, with spring barley showing a decrease of 23% as farmers return to winter planting following the good crop establishment. Cereal and oilseed rape yields have benefitted from the adequate moisture throughout the spring and summer of 2014 and sunshine during grain fill.

The total number of cattle and calves in the United Kingdom was almost unchanged between 2013 and 2014 at just over 9.8 million. Whilst the beef herd has continued to decline, the dairy herd has increased by 2.6%, the first rise since 2005. Total Pig numbers now stand at just over 4.8 million, a 1.3% decrease compared to 2013 whilst the number of sheep and lambs increased by 1.7% to 33.4 million animals.

2.1.4. Farm Business Survey 2013/14 England Income Results

The [latest results](#) from the Farm Business Survey in England were published on the 30 October 2014. These figures are for March/February with the latest estimates covering the 2013 harvest and the 2013 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 2015 and covering the 2014 harvest will be published in January 2015.

Average Farm Business Income fell on cereals, general cropping, mixed and grazing livestock farms in 2013/14 but increased on dairy, specialist pig and specialist poultry farms.

- For the cropping sector, the wet autumn of 2012 continued to influence profitability. Drilling was disrupted, leading to increased areas of lower yielding spring crops harvested in 2013. Crop prices were also lower due to weakening global markets.
- On dairy farms, the increased income was driven by a higher milk price (14 per cent higher than in 2012/13) and increased production (8 per cent higher than in 2012/13).
- Average incomes fell on grazing livestock farms (lowland and less favoured areas [LFA]). The cold, late spring following the wet autumn of 2012 led to higher feed costs and lower output from the sheep enterprises. In the LFA, output from beef was also lower than in 2012.
- The 2013 Single Payment was, on average, unchanged compared to the previous year. The impact of the weaker exchange rate was offset by the introduction of financial discipline.

Contact: Selina Matthews, Farm Business Survey Selina.Matthews@defra.gsi.gov.uk

3. Environment, Health and Welfare

3.1. Health and Welfare

3.1.1. TB Statistics June 2014 – 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 for January to July 2014 is 3.8% compared to 4.3% for January to July 2013. 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 2014 was 2,720 compared to 2,813 for January to July 2013. The number of tests on officially TB free herds was 47,349 during January to July 2014, compared to 43,300 during January to July 2013.
- The number of cattle compulsorily slaughtered as reactors or direct contacts was 19,383 during January to July 2014, compared to 19,988 during January to July 2013.

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

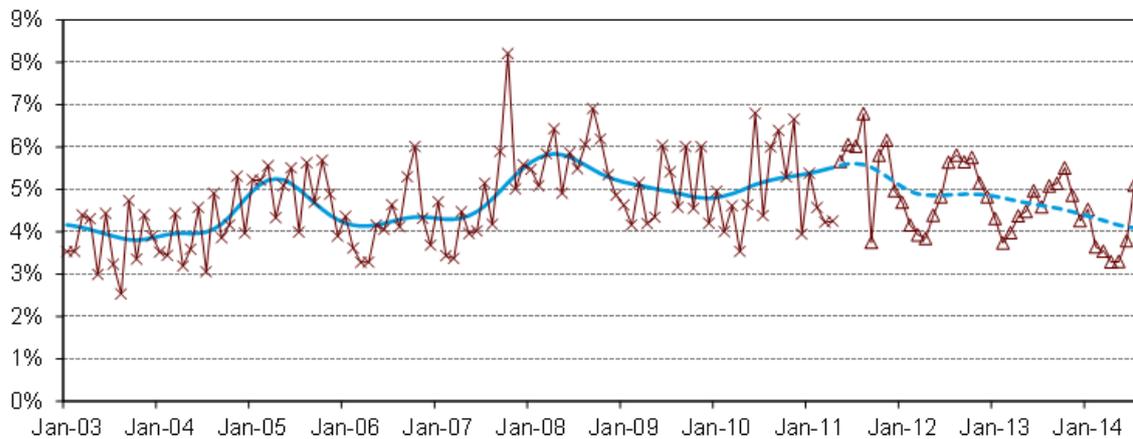
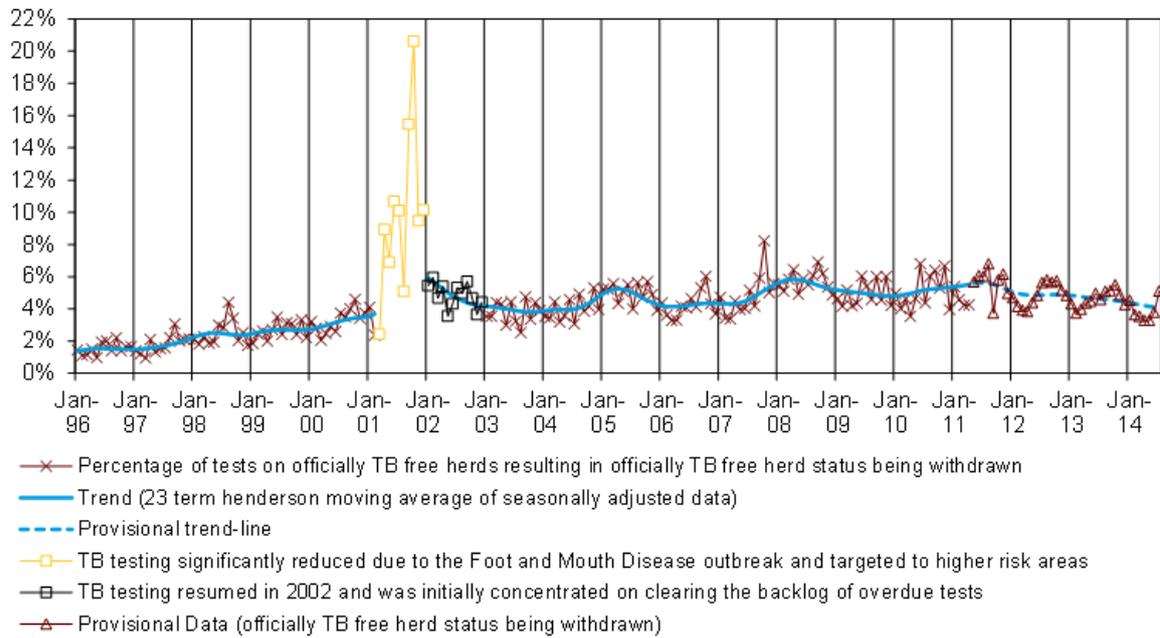


Chart 2: Number of officially TB free herd status being withdrawn incidents, as a percentage of tests on officially TB free herds



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

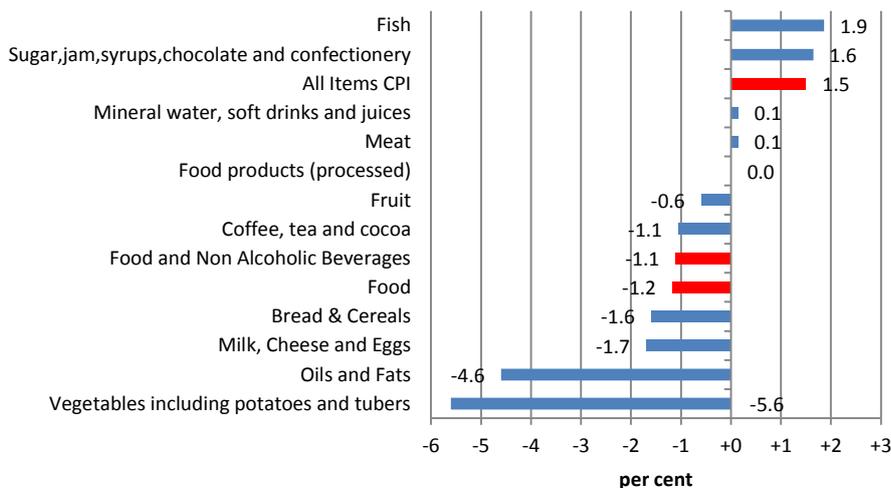
4. Food

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

Year on year food prices have fallen, with an annual rate of inflation of -1.4% in the year to September 2014. Food inflation was last lower in June 2002 (-2.2%). Food inflation is well below general inflation at 1.2%, which fell from 1.5% in August.

Annual Price rises August 2013 to August 2014



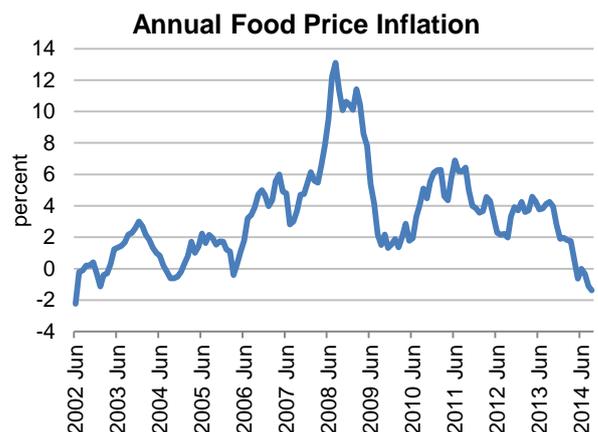
The fall in food prices over the last year has been driven by significant declines in international food commodity prices, a stronger Pound and, more recently, intense price competition by supermarkets

Prices fell by 0.2% between August and September this year but rose by 0.2% between the same two months a year ago. There were small downward effects from a number of product groupings with the largest coming from bread and cereals; fruit and vegetables including potatoes.

Annual all items inflation was 1.2% in the year to September 2014, a decrease on August, the lowest it has been since September 2009. Falls in transport costs (notably sea fares and air fares) and prices for a range of recreational goods provided the largest contributions to the slowdown in the rate of inflation between August and September. Housing & household services (including utility bills) accounted for a third of the rate of inflation in the year to September. If falling food and motor fuel prices were excluded, the rate of inflation would be a third higher.

Below are the average retail prices of selected items in September 2014:

1 pint of milk	£0.46
Loaf of sliced white bread (800g)	£1.13
Cheese (kg)	£8.02
Eggs (dozen large free range)	£3.10
Potatoes, old white (kg)	£0.80
Apples (kg)	£1.96
Sugar (kg)	£0.89



Contact: Julie Rumsey (Food Statistics), 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 2014).

In August:

- The value of exports was £1.5 billion, 3.3% higher than in August 2013;
- The value of imports was £3.0 billion, 6.6% lower than the previous August;
- This resulted in a crude trade gap of minus £1.5 billion, 9.8% narrower than in August 2013.

The following chart shows annual trade by food group for the periods September 2012 – August 2013 and September 2013 – August 2014.

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

- Imports of **meat and meat preparations** rose by £264m (4.6%), while exports rose by £18m (1.1%)
- Imports of **dairy products and eggs** rose by £110m (3.9%), while exports rose by £289m (23.0%)
- Imports of **fish and fish preparations** rose by £98m (3.7%) while exports rose by £135m (9.6%)
- Imports of **cereals and cereal preparations** fell by £312m (-8.7%), while exports rose by £83m (4.6%)
- Imports of **fruit and vegetables** fell by £287m (-3.2%), while exports rose by £18m (2.0%)
- Imports of **beverages** fell by £21m (-0.4%) while exports fell by £454m (-6.5%)

© Crown Copyright - HM Revenue and Customs

Contact: Julian Groom, Farming Statistics (Trade), julian.groom@defra.gsi.gov.uk

