Department for Environment Food & Rural Affairs

September 2013

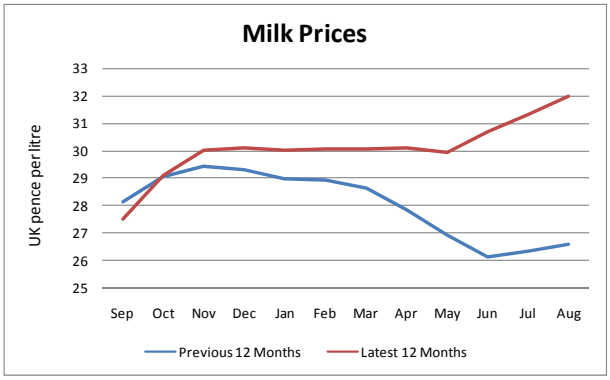
Farming and Food Brief

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.

Increases to milk prices and production

The average UK milk price for August rose to 32.00 pence per litre (exc. bonuses), 20 per cent higher than August 2012 and the new highest price recorded for milk. Monthly milk production for August 2013 is also higher (4.9 per cent) than the same period last year (see section 2)



Large changes in planted area for 2013

Difficult weather conditions led to many farmers growing spring sown crops instead of winter sown varieties in 2013. In some cases condition 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 (74 per cent) (see section 2.1.3)

Harvest nearing completion

As of the 17 September 92 per cent of the GB combinable crop has been harvested which is in line with the five year average.

The winter barley harvest is finished with 89 per cent of spring barley harvested. Yields are reported to be be above the five year average. Winter wheat harvest is 96 per cent complete but yields are slightly lower than the five year average. After initial slow progress, the winter oilseed rape harvest is virtually complete; yields are better than originally expected but below the five year average but quality is good. Provisional results from the HGCA quality survey, with a bias on samples harvest from the east of England indicate much improved quality of wheat and barley crops (see section 2.1.4)

Food stats pocket book

A new edition of the Food Statistics Pocketbook was published 19 September 2013. The Food Statistics Pocketbook provides a concise round-up of statistics on food including the economic, social and environmental aspects of the food we eat. It brings together a wide range of statistics on the UK food sector covering all aspects of the food chain beyond agriculture, including food waste (see section 4.1.1)

Increase in pig population for 2013

Final results from the 2013 June Survey of Agriculture and Horticulture were published on 19 September 2013. These results show that the total number of pigs in England increased by 11 per cent to just under 4.1 million animals in 2013. This was as a result of the 13 per cent increase in the number of fattening pigs which rose from 3.2 million in 2012 to 3.6 million in 2013 (see section 2.1.3)

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1. Overall economic position

Slight fall in inflation

The Consumer Prices Index (CPI) grew by 2.7 per cent in the year to August 2013, down from 2.8 per cent in July.

The largest contributions to the fall in the rate came from the transport (particularly motor fuels and air transport) and clothing sectors. These were partially offset by an upward contribution from furniture, household equipment and maintenance.

More details are in the full statistical bulletin from the Office for National Statistics.

Small fall in unemployment rate

The unemployment rate for May to July 2013 was 7.7 per cent of the economically active population, down 0.1 percentage points from February to April 2013. There were 2.49 million unemployed people, down 24,000 from February to April 2013.

Slowdown in retail sales

In August 2013, the quantity bought in the retail sector increased by 2.1 per cent compared with August 2012. This continues the underlying pattern of growth seen since April 2013. The main source of upward pressure to year-on-year estimates of the quantity bought in the retail industry came from the non-store retailing sector which includes retail businesses selling predominantly online, through mail order, or via stalls and markets. Over the same period, the amount spent in the retail sector increased by 1.6 per cent.

Rise in GDP

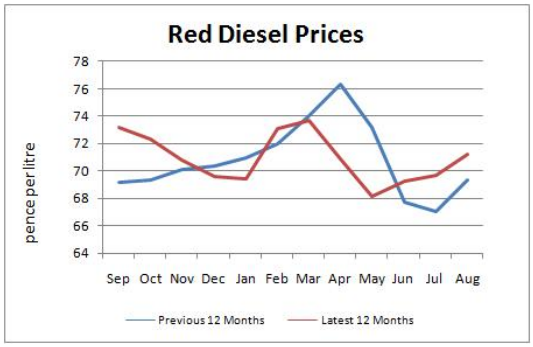
UK gross domestic product (GDP) in volume terms was estimated to have increased by 0.7 per cent between Q1 2013 and Q2 2013, unrevised from the Second Estimate of GDP published 23 August 2013. Household final consumption expenditure increased by 0.3 per cent between Q1 2013 and Q2 2013 - the seventh consecutive quarter on quarter increase - revised down from the 0.4 per cent increase published 23 August 2013.

2. Farming

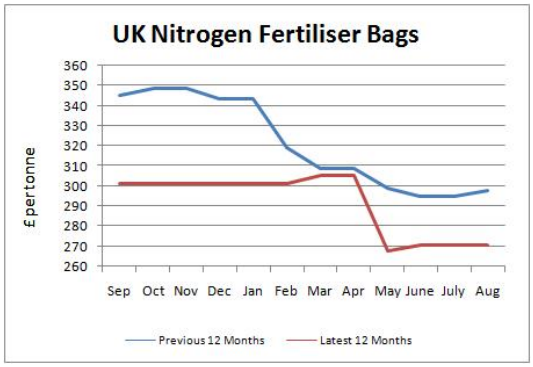
This section brings together the latest economic position for the farming sector (including UK and international input and commodity price intelligence) and the highlights of recently published evidence and research.

2.1. Economic

2.1.1. UK Prices – Inputs



- **Red Diesel:** In August 2013, the average price for red diesel rose to 71.21 pence per litre. Current prices are 2.7 per cent higher than August 2012.



- **Fertiliser**: The average price for 34.5 per cent UK Ammonium Nitrate bags remained at £271 per tonne for the third month running. Current prices are 8 per cent lower than July 2012.*(Source: Dairy Co Datum)*

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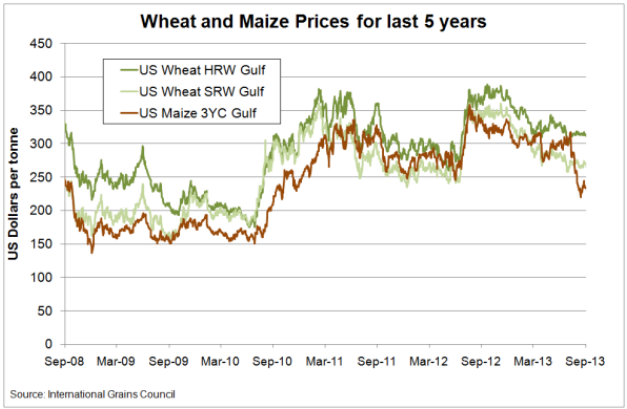
2.1.2. Prices and Market Information – Commodities

Cereals



- The August average price of Hard Red winter wheat was $314 per tonne, an increase of 1.2 per cent from July. For Soft Red winter wheat the average August price was $269, a decrease of 0.4 per cent from July. Prices available to mid September show a decrease of 1.2 per cent for Hard Red Winter wheat on the August 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 $229 per tonne in mid September (2.1 per cent lower than the July average price).

- In their most recent report (12 September) the US Department of Agriculture (USDA) concentrated on US maize and soyabeans.

- For maize, the UDSA have increased their yield forecasts despite recent dry spells. They expect higher yields in the Central Plains and South to offset reductions in Iowa and North Dakota. US maize production is now set at 351.6Mt, against 349.6Mt in August and 273.8Mt in 2012/13. Despite the increased production overall supplies of US maize remain similar to August's estimate due to lower carry over stock from 2012/13. This is due to higher than expected consumption and export of maize in August 2013 together with anticipated higher feed use as the new crop maize harvests starts later than usual. The overall result is that the USDA forecast US maize 2013/14 endinfg stocks are 0.4Mt higher at 47.1Mt (16.8Mt 2012/13). On the global scale only small changes were made to the maize balance, an additional 1.25Mt to maize ending stocks, taking these to 151.4Mt (122.6Mt 2012/13).

- For soyabean the USDA reduced the forecast yield of the US crop resulting in a 2.9Mt drop in production to 85.7Mt. A small cut in forecast consumption was not enough to offset this reduction, as a result US end stocks were 1.9Mt lower at 4.1Mt (2012/13: 3.4Mt). The global soyabean situation was largely unchanged as a 3Mt increase in Brazillian production to 88Mt offset the US decline. Closing stocks were

reduced by 0.7Mt to 71.5Mt (2012/13: 61.6Mt), as increases in both Brazil and Argentina helped offset lower US stocks.

- For wheat production the UDSA increased its estimate of production in Canada and the EU by 2Mt and 1.5Mt respectively. This revision sees global production at 708.9Mt, up from the August forecast of 705.4Mt and 655.2Mt for 2012/13.

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

- **Animal Feed** (source Defra)**:** During July 2013 (the latest period for which data is available), the total GB retail production of animal feed was 815 thousand tonnes, up 3.1 per cent on the same period in 2012. Total GB integrated poultry feed production in July 2013 was 204 thousand tonnes, down 2.8 per cent when compared to the same period in 2012.

- **Flour** (source Defra)**:** During July 2013, the total amount of wheat milled in the UK was 512 thousand tonnes, 3 per cent higher than in July 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 July 2013 was 325 thousand tonnes, down 26 per cent compared with July 2012. To compensate, there were 187 thousand tonnes of imported wheat milled in July, over 3 times more than the 59 thousand tonnes milled in July 2012. Flour production for the same period was 402 thousand tonnes, 1.3 per cent higher than in July 2012.

- **Brewers, Distillers and Maltsters** (source Defra)**:** During July 2013, the total usage of barley by brewers, distillers and maltsters was 156 thousand tonnes, up 14 per cent compared to July 2012.

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Livestock *(source: Defra)*

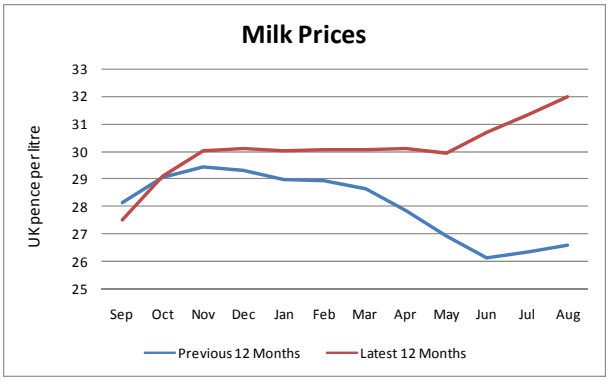
- **Sheep:** UK home-killed production of mutton and lamb was 2.7 per cent higher in August 2013 compared to August 2012, with production during the first eight months of 2013 rising by 4.8 per cent. Lamb slaughterings were higher than last year but this was mainly due to the low numbers in 2012. Throughputs of adult sheep remain above last year's levels, up 14 per cent in the first eight months of 2013.

- **Cattle:** UK production of beef and veal in August 2013 was 9.0 per cent lower than the same month in 2012. During the first eight months of 2013 production fell by 4.1 per cent, as cattle supplies remain tight and overall average weights are down on last year.

- **Pigs:** UK home-killed production of pigmeat was 0.8 per cent lower in August 2013 compared to 2012, with clean pig throughputs 1.3 per cent lower and adult sow throughputs around 11 per cent lower than last year. During the first eight months of 2013, production rose by almost 1.0 per cent on 2012 levels with heavier weights helping production levels.

Livestock products

- **Milk volumes:** Following good grazing conditions, the provisional volume of wholesale milk delivered to UK dairies during August 2013 was 1.1 billion litres, which was 4.9 per cent higher than the same period last year. Cumulative production for the first five months of the milk year of 5.8 billion litres was just 0.7 per cent lower than 2012/13 as favourable weather conditions through the summer months helped milk production recover from the poor spring (source: RPA).



- **Milk prices:** The average UK milk price for August 2013 has increased by 2.2 per cent from the previous month to 32.00 pence per litre (exc. bonuses). This represents a rise of 20.4 per cent (5.42 pence per litre) on August 2012. This continues the recent trend of improved payments from dairies for

raw liquid milk as commodity prices for most dairy products have remained strong since April 2013 (source: Defra, DairyCo).

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

2.1.3. Crop areas and animal populations as at 1 June 2013 - England

Final results from the 2013 June Survey of Agriculture and Horticulture were published on 19 September 2013. This covers the final estimates of land use, crop areas and cattle, sheep and pig populations on agricultural holdings in England on 1 June 2013.

Key results include a 1.0 per cent increase in the utilised agricultural area (UAA) in England which rose from 8.9 to 9.0 million hectares between June 2012 and 2013. The total croppable area accounts for just over half (54 per cent) of the UAA and increased by 0.8 per cent to just under 4.9 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 condition 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 (74 per cent).

The total number of cattle and calves in England was just under 5.4 million in June 2013, showing almost no change since 2012. Sheep and lambs increased by 2.1 per cent from 14.6 million in 2012 to 14.9 million in 2013. The total number of pigs in England increased by 11 per cent to just under 4.1 million animals in 2013. This was as a result of the 13 per cent increase in the number of fattening pigs which rose from 3.2 million in 2012 to 3.6 million in 2013.

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

2.1.4. UK 2013 crop harvest progress and provisional quality results

This reflects the position up to 17 September. After rapid progress through to August/early September, the unsettled wetter conditions during 11-17 September reduced harvesting activity in all regions. The delays were not serious for most farms in southern England where remaining crops were primarily field beans and linseed, which are often just ready for harvest. However, further north and in Scotland, there were more significant areas of spring barley and wheat still to be harvested. Despite this, the overall total area of combinable crops harvested (estimated at around 92 per cent) remains in line with the 5-year average, where cooler air temperatures and shorter harvesting days through September often cause a slow finish to harvest.

Harvest of **winter barley** is complete. Yields have been above the farm average. Harvest of **spring barley** is now estimated at 89 per cent complete for GB and 96 per cent complete for England and Wales. Again yields have been good, slightly above the 5 year average. The **winter wheat** harvest is around 96 per cent complete for GB. Yields are judged to be slightly below the 5 year average. The **oat** harvest has progressed well, in total around 83 per cent of the crop has been harvested with yields slightly above the farm average.

After initial slow progress with the winter **oilseed rape** harvest, this is now virtually complete. Yields have been better than originally anticipated but below the five year average. The harvest of **spring oilseed rape is** just 38 per cent complete but yields so far have been good. Quality is relatively good with oil content in the range of 42-46 per cent.

The Home Grown Cereals Authority released the provisional results from their Cereal Quality Survey on 9 September. The results are not fully representative, with a large proportion of samples to date taken from the East of England where greatest harvest progress had been made, and are predominantly from nabim group 1 and group 2 varieities. The specific weight for wheat is higher than the low figures obtained for the 2012 crop and more in line with values recorded pre-2012, with some of the highest Hagbergs recorded in equivalent provisional results in recent years. Protein levels are lower than those for the 2012 crop but above the five year average and less variable. For barley, specific weights are again higher than in 2012 but also one of the highest recorded in the last 8 years. Nitrogen contents are above 2012 and higher than the three year average. Screenings are an improvement on 2012 but have not returned to pre-2012 levels.

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3. Environment, Health and Welfare

3.1. Health and Welfare

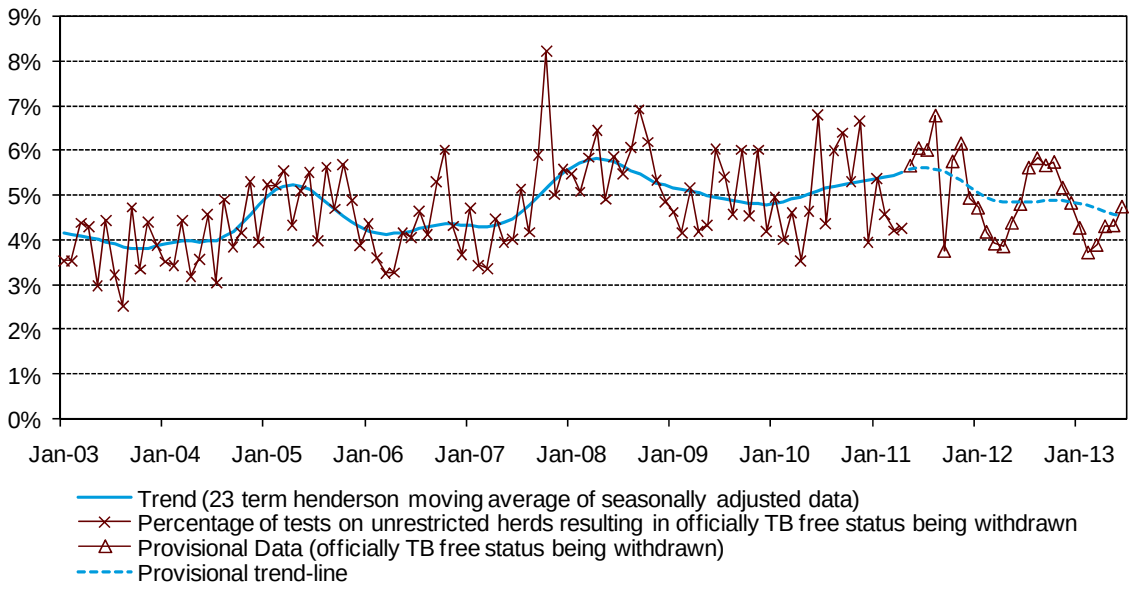
3.1.1. TB Statistics June 2013 – Great Britain

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 11 September) for January to June 2013 is 4.1 per cent compared to 4.2 per cent for January to June 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 June 2013 was 2,587 compared to 2,724 for January to June 2012. The number of tests on officially TB free herds was 39,192 during January to June 2013, compared to 41,683 during January to June 2012. . The number of cattle compulsorily slaughtered as reactors or direct contacts was 17,285 during January to June 2013, compared to 18,271 during January to June 2012.

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



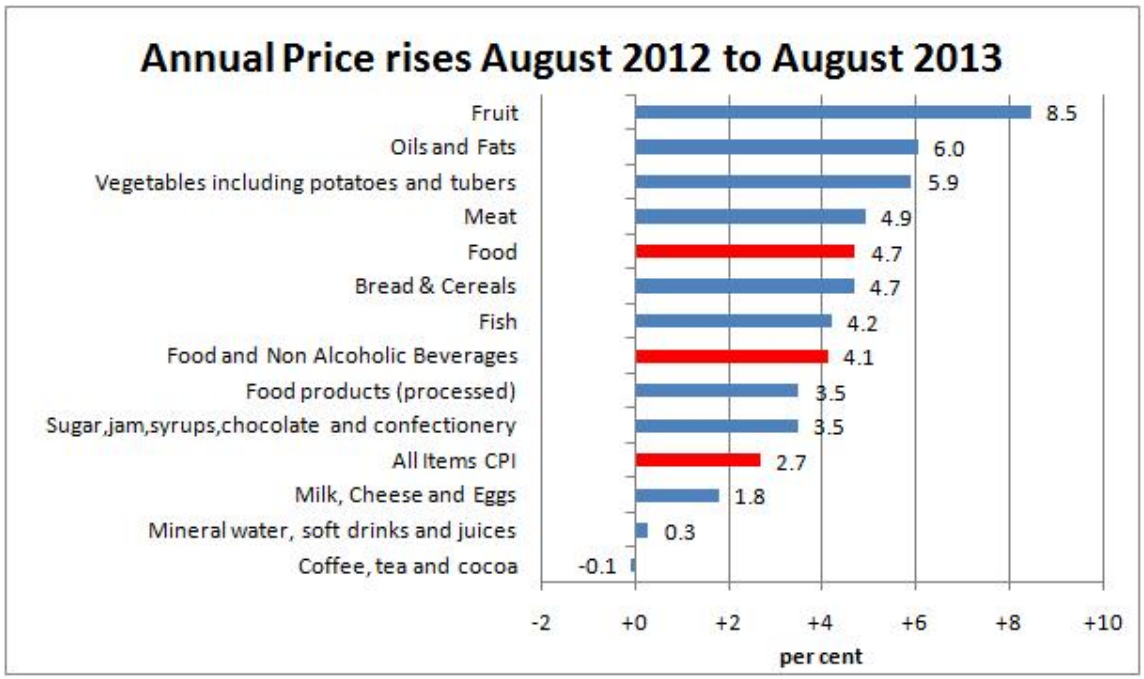
Contact: Animal and Plant Health Evidence and Analysis (APHEA), tbstatistics@defra.gsi.gov.uk

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 August, down from 2.8 per cent in July. Food inflation rose to 4.1 per cent in August.



Overall, food and non alcoholic beverages had a small upward effect on the CPI annual rate. Where prices overall rose by 0.5 per cent between July and August 2013 compared with a rise of 0.2 per cent between the same two months a year ago.

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

4.1.1. Food statistics pocketbook, 2013

A new edition of the Food Statistics Pocketbook was published on-line on 19 September 2013. For the first time, an associated dataset containing all charts and key data sources from this year's publication is also available.

The Food Statistics Pocketbook provides a concise round-up of statistics on food including the economic, social and environmental aspects of the food we eat. It brings together a wide range of statistics on the UK food sector covering all aspects of the food chain beyond agriculture, including food waste. It contains 70 pages of ready-to-use statistics. Key figures from this release include:

- The agri-food sector contributed £96.3bn to national GVA in 2011.
- The agri-food sector employed 3.3 million or 14 per cent of national employment in Q1 2013.
- The total value of food and drink exports fell slightly in 2012 to £18.2bn - £5.6bn more than 2005 at 2012 prices.
- Food prices have risen 12 per cent in real terms since 2007 – a return to the late nineties in terms of cost of food relative to other goods.

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4.2. International Trade in Food, Feed and Drink

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

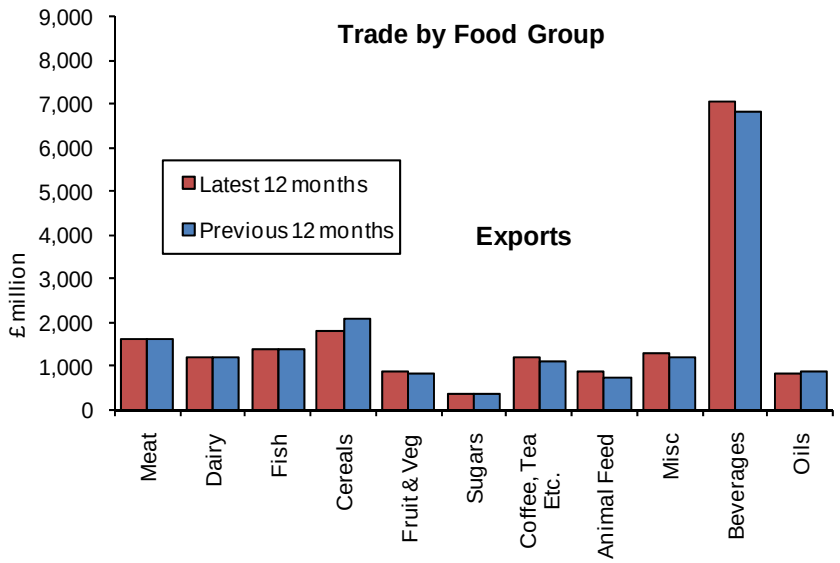
In July:

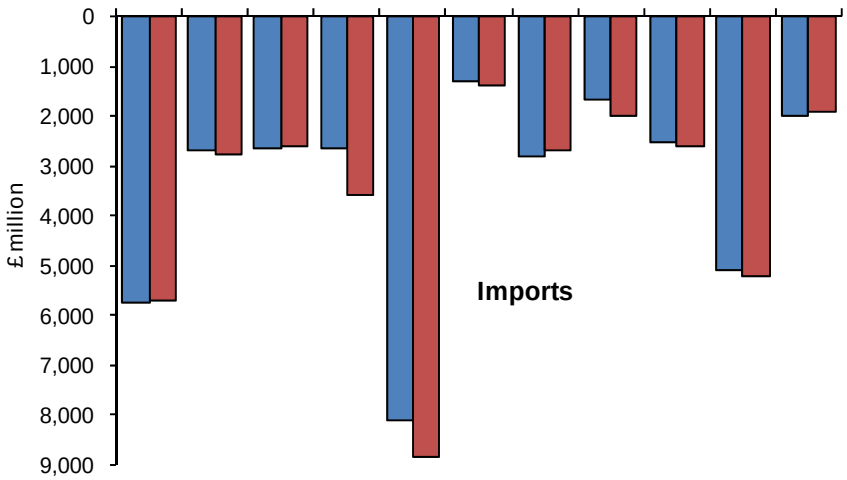
- the value of exports was £1.4 billion, 0.5 per cent higher than in July 2012;
- the value of imports was £3.4 billion, 6.8 per cent higher than the previous July;
- this resulted in a crude trade gap of minus £2.0 billion, 12.0 per cent wider than in July 2012.

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

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

- imports of **meat and meat products** fell by £75m (-1.3 per cent), while exports fell by £12m (-0.7 per cent)
- imports of **cereals and cereal preparations** rose by £904m (33.9 per cent), while exports fell by £253m (-12.1 per cent)
- imports of **fruit and vegetables** rose by £704m (8.7 per cent), while exports rose by £30m (3.5 per cent)
- imports of **beverages** rose by £109m (2.1 per cent) while exports rose by £248m (3.6 per cent)
- imports of **oils and fats** fell by £98m (-4.9 per cent) while exports fell by £35m (-4.0 per cent)





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