



Headline Summary

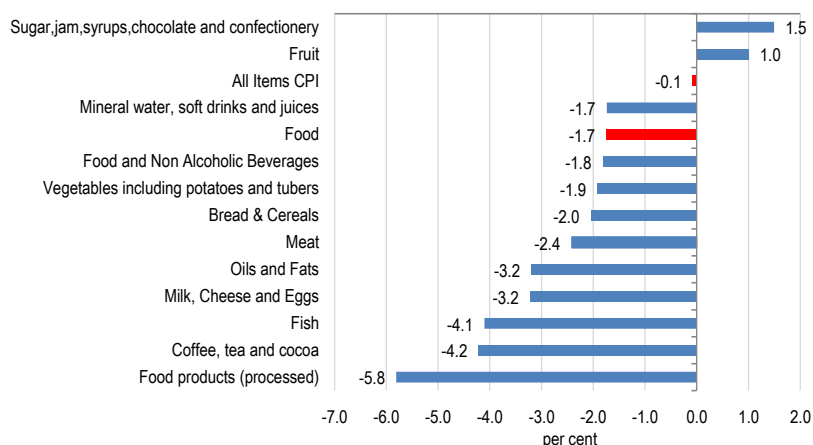
The monthly farming and food brief summarises the latest statistical and economic information relating to the agricultural sector. In particular, it highlights the results of recently published evidence and research.

Food prices continue to fall

The fall in food prices over the last year has been driven by significant declines in international food commodity prices, falling oil prices and continuing intense price competition between supermarkets. Some of these effects take time to feed through to inflation.

Year on year food prices have continued to fall, with an annual rate of inflation of -1.8 per cent in the year to May 2015, according to official figures released today. General inflation is 0.1 per cent, up from -0.1 per cent in April.

Annual Food Price rises May 2014 to May 2015



[\(See section 4.\)](#)

Total Income from Farming in England

Total Income from Farming in England is estimated to have been little changed between 2013 and 2014, rising by 1.2% (£48 million) to £4,197 million, compared to a 2.7% fall in the United Kingdom.

Gross Value added at basic price in England in 2014, which identifies agriculture's contribution to the Gross Domestic Product (GDP), rose by £485 million (6.4%) to £8,004 million.

In the English regions, the East of England contributed almost a quarter to the total income from farming for England in 2014, followed by the South West and Yorkshire & the Humber which contributed around 16% each.

[\(See section 2.1.2.\)](#)

Milk prices

For May 2015 there has been a 2.1% (0.52p per litre) decrease in the UK average farm gate milk price since last month to 24.06p per litre. This represents a 25% decrease on the May 2014 price. As expected the price has again fallen slightly due to higher volumes as we head to the peak of the spring flush.

[\(See section 2.1.2.\)](#)

Farm Succession

In 2013, just over a third (37%) of farm businesses had a nominated successor and in the majority of cases the successor was from within the family. Over a quarter (27%) of farm businesses stated that they had no nominated successor, while 29% of farm businesses replied that it was too early in family or business circumstances to make succession arrangements. A further 8% of farm businesses were unsure of their intentions. Of those businesses with a nominated successor, the majority (94%) stated that the successor had a farming background. For the remainder, the successor would be new to farming.

[\(See section 2.1.3\)](#)

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1. Overall economic position

Consumer Price Index

- The Consumer Prices Index (CPI) rose by 0.1% in the year to May 2015, compared to -0.1% in the year to April 2015.
- The largest upward contribution came from transport services - notably air fares and motor fuels.

Labour Market Statistics

- Comparing the estimates for February to April 2015 with those for the 3 months to January 2015, employment continued to rise and unemployment continued to fall. These changes maintain the general direction of movement since late 2011 to early 2012.
- There were 31.05 million people in work, 114,000 more than for the 3 months to January 2015 and 424,000 more than for a year earlier.
- There were 1.81 million unemployed people. This was 43,000 fewer than for the 3 months to January 2015 and 349,000 fewer than for a year earlier.
- The proportion of the economically active population who were unemployed (the unemployment rate) was 5.5%, lower than for the 3 months to January 2015 (5.7%) and for a year earlier (6.6%). Economically active people are those in work plus those seeking and available to work.
- There were 9.02 million people aged from 16 to 64 who were out of work and not seeking or available to work (known as economically inactive), 10,000 fewer than for the 3 months to January 2015 but 60,000 more than for a year earlier.

Retail Sales

- Continuing a sustained period of year-on-year growth, the volume of retail sales in May 2015 are estimated to have increased by 4.6% compared with May 2014. This was the 26th consecutive month of year-on-year growth, the longest period of sustained growth since May 2008 when there were 31 periods of growth.
- The underlying pattern in the data, as suggested by the 3 month on 3 month movement in the quantity bought, continued to show growth for the 27th consecutive month, increasing by 0.6%. This is the longest period of sustained growth since consistent records began in June 1996.
- On the month, the quantity bought in the retail industry increased by 0.2% compared with April 2015. There was growth in predominantly food stores, other non-food stores, household goods stores and petrol stations.
- Average store prices (including petrol stations) fell by 2.7% in May 2015 compared with May 2014. This is the 11th consecutive month of year-on-year price falls. The largest contribution once again came from petrol stations which fell by 10.2%, the 21st consecutive month of year-on-year falling prices in this store type.
- The value of sales made online in May 2015 decreased by 2.1% compared with April 2015 and accounted for 12.0% of all retail sales. Online sales increased by 7.4% compared with May 2014.

GDP

- UK GDP in volume terms was estimated to have increased by 0.3% between Quarter 4 (Oct to Dec) 2014 and Quarter 1 (Jan to Mar) 2015, unrevised from the previous estimate of GDP published 28 April 2015.
- GDP was estimated to have increased by 2.8% in 2014, compared with 2013, unrevised from the previously published estimate.

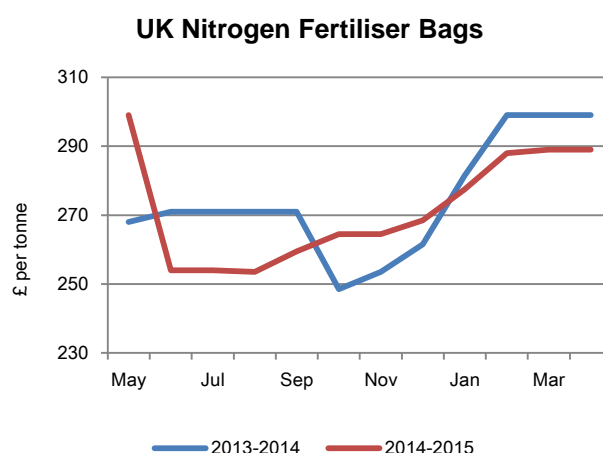
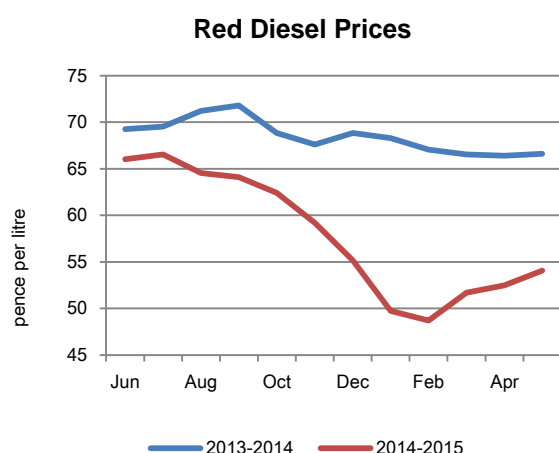
2. Farming

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 May 2015, the average price for red diesel rose to 54 pence per litre. Current prices are 19% lower than May 2014.
- **Fertiliser:** In April the average price for 34.5% UK Ammonium Nitrate bags rose to £289.00 per tonne. Current prices are 3% lower than April 2014. Updated figures are currently unavailable. We are hoping that new data will be available from July (Source: Dairy Co Datum).



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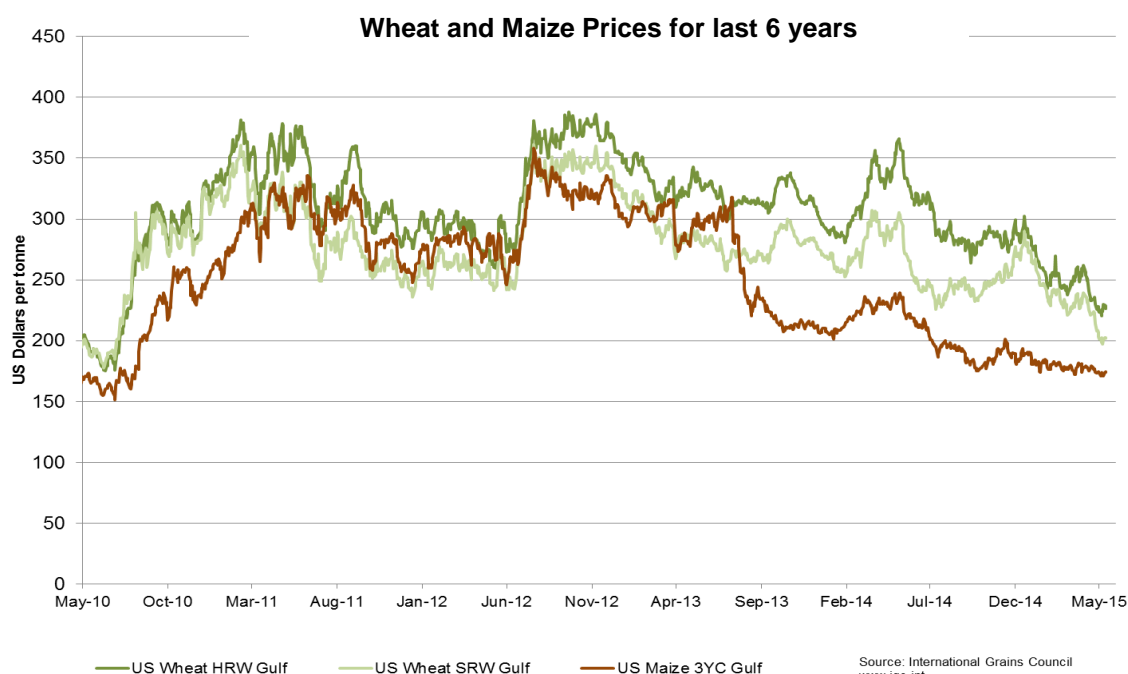
2.1.1. Prices and Market Information – Commodities

Cereals

- The April 2015 average price for Hard Red winter wheat was \$233 per tonne, which was a 32% 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 and is 26% lower than the May 2014 average price.
- Maize prices have fallen from a record high of \$358 per tonne in July 2012 to \$170 per tonne in mid-June 2015 (little changed from the May average price of \$171).
- The USDA published their World Agricultural Supply and Demand 2015/16 production forecasts on 10 June. For **wheat** the global production forecast for 2015/16 was increased by 2.6Mt to 721.55Mt but is still below the 726Mt in 2014/15. Production forecasts were increased for US production (0.9Mt), EU (0.4Mt), Russia (1.5Mt) and Ukraine (1Mt). The Australian wheat crop forecast remains unchanged at 26Mt, an increase of 2Mt on 2014/15, although the El Nino may yet affect this forecast going forward. Forecasters will also be monitoring the quality of the US crop and dry areas in Canada and the EU. For **maize** the USDA have increased 2014/15 estimates for the South American crop, the Brazilian crop is now forecast at 81Mt, an increase of 2Mt due to favourable growing conditions and the Argentinian crop

by 0.5Mt to 25Mt. This has boosted global carry over stocks for 2014/15 to 197.01Mt, 5Mt higher than the last forecast. There was little adjustment to 2015/16 projections, a slight increase in consumption was offset by the increased carryover from 2014/15. The forecast for 2015/16 end stock is 195.19Mt.

- **Soyabean** old crop stocks were revised nearly 2Mt lower to 83.7Mt which together with higher demand forecasts meant that 2015/16 end stock projections were reduced by 3Mt to 93.22Mt. However despite these downward revisions the world is still expected to have a 10Mt surplus of soyabeans in 2015/16.



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- **Animal Feed** (source Defra): During April 2015 (the latest period for which data is available), the total GB retail production of animal feed was 886.5 thousand tonnes, up 1.2% compared to April 2014. Total GB integrated poultry feed production was 194.8 thousand tonnes, up 0.4% during April 2015 compared to the same period in 2014.
- **Flour** (source Defra): During April 2015, the total amount of wheat milled in the UK was 507 thousand tonnes, up 1% compared to April 2014. The total amount of home grown wheat milled in the UK for April 2015 was 425.4 thousand tonnes, up 1.7% compared with April 2014. There were 81.3 thousand tonnes of imported wheat milled in April 2015, down 2.5% compared with April 2014. Flour production (including Starch Manufacture and Bioethanol Production) for the same period was 399.6 thousand tonnes, up 2.6% compared to April 2014.
- **Brewers, Distillers and Maltsters** (source Defra): During April 2015, the total usage of barley by brewers, distillers and maltsters was 150.8 thousand tonnes, down 3.8% compared to April 2014.

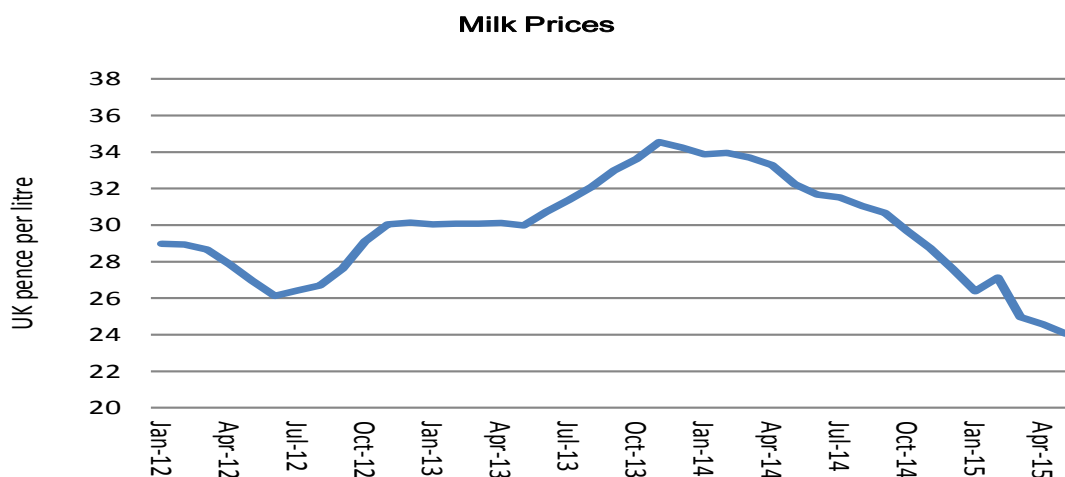
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Livestock (source: Defra)

- **Pigs** UK clean pig slaughterings were 5.0% higher than in May 2014 at 789 thousand head. Pigmeat production was 67 thousand tonnes, 5.5% higher than in May 2014.
- **Sheep:** UK clean sheep slaughterings were 0.1% lower than in May 2014 at 803 thousand head. Mutton and lamb production was 19 thousand tonnes, 0.2% lower than in May 2014.
- **Cattle:** UK prime cattle (steers, heifers and young bulls) slaughterings in May 2015 were 7.8% lower than May 2014 at 144 thousand head. Beef and veal production was 64 thousand tonnes, 6.9% lower than in May 2014.

Livestock products

Milk Volumes: : The provisional volume of wholesale milk delivered to UK dairies during May 2015 was 1.4 billion litres, 2.2% (28.8m litres) lower than in May 2014. Consecutive months of high domestic milk production over the past milk year have contributed to an abundance of supply in the market. This has led to falls in the milk price.



Milk Prices: For May 2015 there has been a 2.1% (0.52p per litre) decrease in the UK average farm gate milk price since last month to 24.06p per litre. This represents a 25% decrease on the May 2014 price. As expected the price has again fallen slightly due to higher volumes as we head to the peak of the spring flush.

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2.1.2. Agriculture in the English regions 2014, 1st estimate

Total Income from Farming in England is estimated to be little changed between 2013 and 2014, rising by 1.2% (£48 million) to £4,197 million. In comparison Total Income from Farming in the United Kingdom is estimated to have fallen by 2.7% to £5,379 million, England was the largest contributor accounting for 78% of this total.

In 2014, the greatest contribution to the total value of output was production of milk (£2,981 million), wheat (£2,316 million), poultry meat (£1,847 million), cattle reared for meat (£1,156 million) and plants and flowers (£1,080 million). Farmers in England received £1,815 million as direct payments in 2014, £263 million lower than 2013. This represents a 13% fall and is due to the change in exchange rate between sterling and Euro.

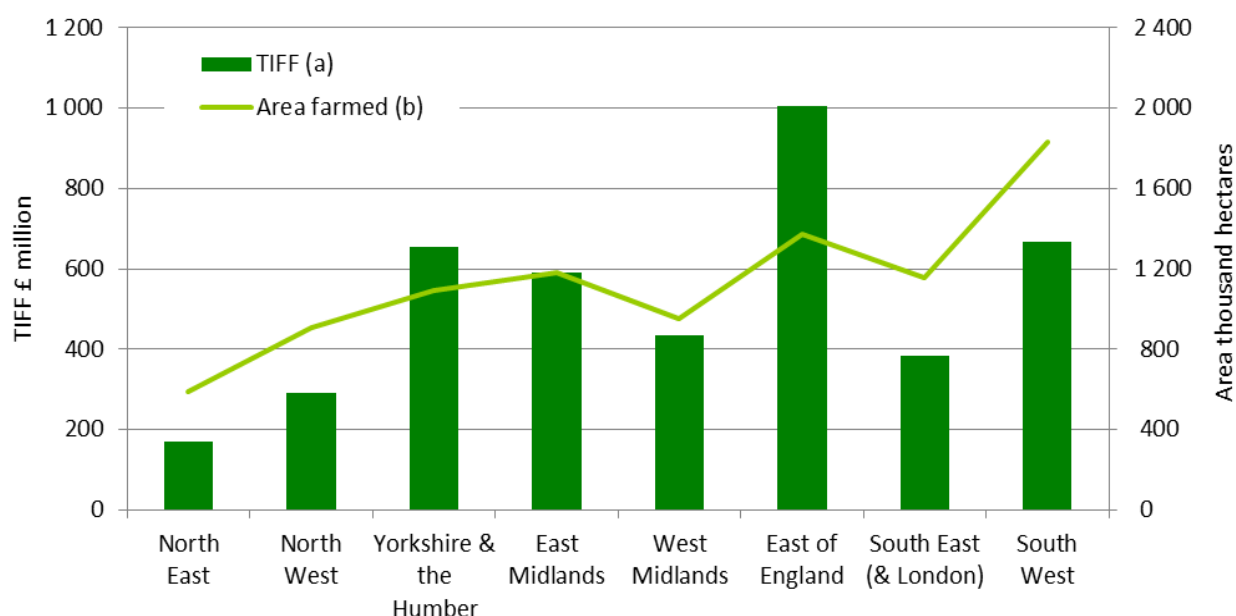
The value of intermediate consumption fell by £478 million (4.1%) to £11,310 million. This fall is largely due to the £441 million decrease in animal feed, the largest contributor to the intermediate consumption value.

Gross Value added at basic price in 2014, which identifies agriculture's contribution to the Gross Domestic Product (GDP), rose by £485 million (6.4%) to £8,004 million.

Agriculture employed 1.06% of the total workforce in England in 2014 whereas in 2013 agriculture employed 1.08% of the workforce.

In the English regions, the East of England contributed almost a quarter of the total income from farming for England in 2014, followed by the South West and Yorkshire & the Humber which contributed around 16% each. As a comparison the chart shows the value of TIFF in the regions in 2014 and the area farmed in 2013, the year for which data are last published.

Total Income from Farming and area farmed for English regions



(a) Total Income from farming in 2014

(b) Area farmed in 2013, the last year for which data are published

The full report is available [here](#).

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2.1.3. Farm succession

Results on the nature of farm succession arrangements were published on 3rd June 2015. In 2013/14, the Farm Business Survey (FBS) began to collect data about the presence and nature of farm business succession arrangements. The key findings for 2013/14 are:

- Just over a third (37%) of farm businesses had a nominated successor. For 34% the business would continue within the family. This response was more likely from older farmers, very large farms, farming companies and family based partnerships. A further 1% stated that the business would continue outside the family and for 2% a successor had been nominated but was unable to take over due to tenancy or other restrictions.
- 29% of farm businesses responded that it was too early in family or business circumstances to answer. This response was most common for farmers under 40.
- A further 27% of farm businesses had no nominated successor. This response was most likely for spare and part time farms and for sole traders.
- Of those businesses with a nominated successor or those expected to continue outside the family, the majority (94%) stated that the successor had a farming background. For the remainder, the successor would be new to farming.
- The majority (85%) of farm businesses agreed to answer questions on succession. Very large farms, farming companies and other partnerships were less willing to respond.

The full report can be found at: <https://www.gov.uk/government/statistics/farm-succession-england-201314>

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2.1.4. Fertiliser usage on farms

Results on fertiliser usage were published on 25th June 2015. In 2012/13, the Farm Business Survey (FBS) began to collect data on the quantities of nutrients from manufactured fertilisers that were applied from a subset of farms within the main survey. Questions were also included on the use of precision farming techniques, soil nutrient software, clover and legumes in grass swards, green manures and areas subject to fertiliser restrictions. The key findings are:

- The majority of farm businesses did not carry out precision farming techniques such as soil mapping or use of satellite technology to guide fertiliser applications (16% used such techniques in 2012/13, 18% in 2013/14). Usage was more likely on cereal and larger farms.
- Around a quarter of farms used soil nutrient software packages to help determine fertiliser applications (22% in 2012/13, 23% in 2013/14). Usage was most common on cereal and general cropping farms.
- Just over 50% of farms with grass included clover or legumes in their grass swards in 2012/13 and 2013/14. This practice was most common for dairy farms and larger farms.
- Very few farmers used green manures in their arable rotations (10% of those with arable land in 2012/13, 8% in 2013/14). Cereal, general cropping and organic farms were more likely to use green manures than other farm types.
- Of those farms using either clover and legumes or green manures, nearly two thirds made adjustments to their fertiliser application rates.
- The average amount of nitrogen applied per hectare of farmed area (excluding rough grazing) was 113 kg in both years. Cereal farms had the highest application rates whilst grazing livestock farms had the lowest.
- The average amount of phosphate applied per hectare of farmed area (excluding rough grazing) was 20 kg in both years. General cropping farms had the highest application rates while grazing livestock farms had the lowest.
- The average amount of potash applied per hectare of farmed area (excluding rough grazing) was 25 kg/ha in both years. General cropping farms had the highest application rates, while grazing livestock and pig and poultry farms had the lowest.

The full report can be found at: <https://www.gov.uk/government/statistics/fertiliser-usage-on-farm-england-201213-and-201314>

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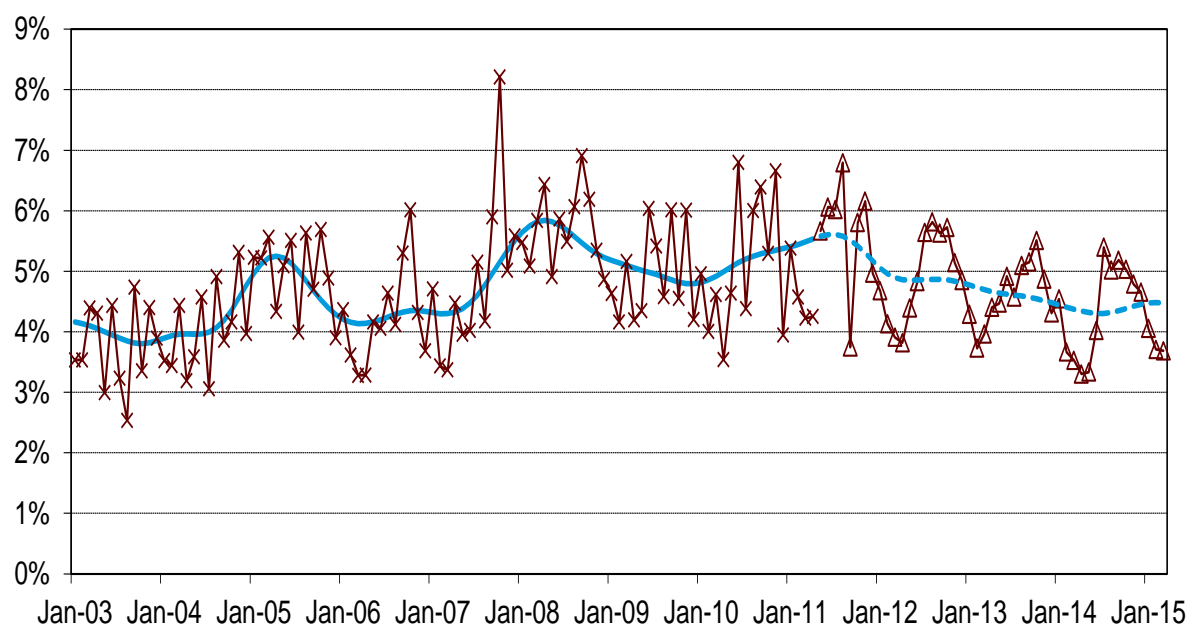
3. Environment, Health and Welfare

3.1. Health and Welfare

3.1.1. TB Statistics March 2015 – Great Britain

- The provisional incidence rate for January to March 2015 is 3.8% compared to 3.9% for January to March 2014. 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 January to March 2015 was 1,394 compared to 1,404 during January to March 2014. The number of tests on officially TB free herds was 25,016 during January to March 2015, compared to 24,476 during January to March 2014.

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



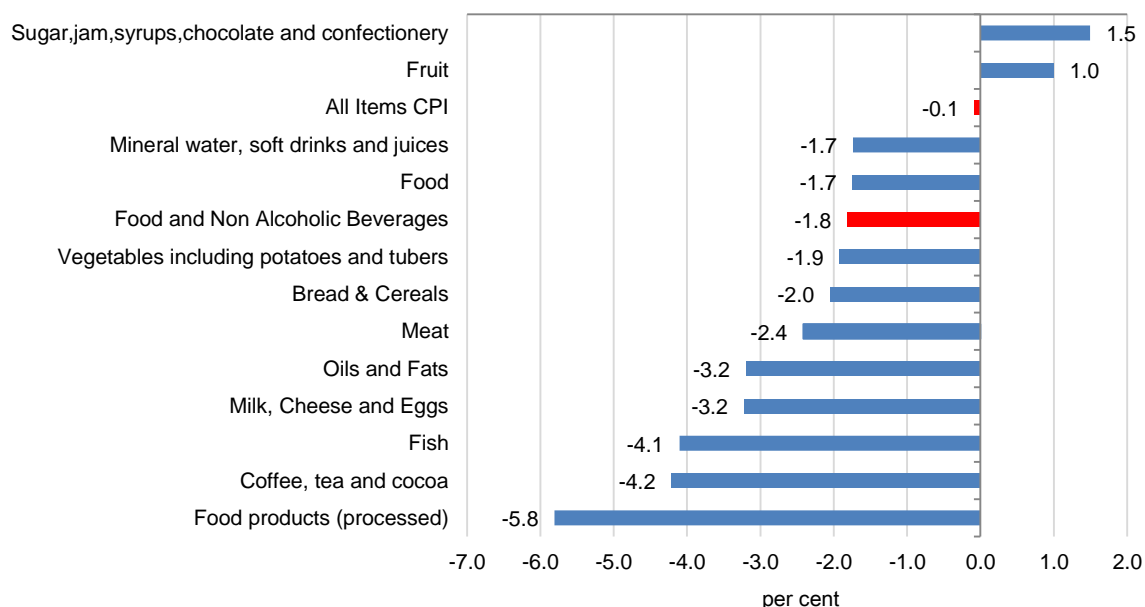
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4. Food

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. Year on year food prices have continued to fall, with an annual

rate of inflation of -1.8 per cent in the year to May 2015, according to official figures released today. General inflation is 0.1 per cent, up from -0.1 per cent in April.

Annual Food Price rises May 2014 to May 2015



Food inflation: consumer and retail prices

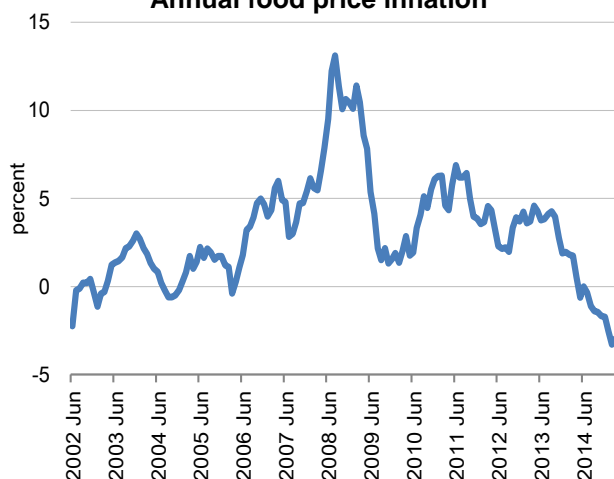
The fall in in food prices over the last year has been driven by significant declines in international food commodity prices, falling oil prices and continuing intense price competition between supermarkets. Some of these effects take time to feed through to inflation.

Annual all items inflation was 0.1 per cent in the year to May 2015, up from April. There was a large upward effect from transport services, where prices overall rose by 0.6% per cent between April and May this year, compared with a fall of -0.7 per cent in the same months a year ago. There were small downward effects from prices for recreational goods such as games, toys and hobbies, and computer peripherals such as printers and routers. These downward effects were negated by a large upward effect from air fares and motor fuels.

Below are the average retail prices of selected items on 12th May 2015:

1 pint of milk	£0.44 (unchanged from April)
Loaf of sliced white bread (800g)	£1.03 (up from £1.02 in April)
Cheese (kg)	£7.58 (down from £7.78 in April)
Eggs (dozen large free range)	£2.79 (down from £2.80 in April)
Potatoes, old white (kg)	£0.77 (up from £0.76 in April)
Apples (kg)	£1.96 (up from £1.95 in April)
Sugar (kg)	£0.74 (unchanged from April)

Annual food price inflation



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4.1. International Trade in Food, Feed and Drink

This section shows the latest available trade figures (to April 2015).

In April:

- The value of exports was £1.4 billion, 6.8% lower than in April 2014;
- The value of imports was £3.2 billion, 5.2% lower than the previous April;
- This resulted in a crude trade gap of minus £1.8 billion, 3.9% narrower than in April 2014.

The following chart shows annual trade by food group for the periods May 2013 – Apr 2014 and May 2014 – Apr 2015.

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

- Imports of **meat and meat preparations** rose by £6m (0.1%), while exports fell by £58m (-3.5%)
- Imports of **dairy products and eggs** fell by £381m (-12.6%), while exports also fell by £115m (-7.7%)
- Imports of **fish and fish preparations** fell by £169m (-6.1%) while exports also fell by £43m (-2.9%)
- Imports of **cereals and cereal preparations** fell by £220m (-6.4%), while exports rose by £138m (7.2%)
- Imports of **fruit and vegetables** fell by £120m (-1.3%), while exports fell by £59m (-6.1%)
- Imports of **beverages** rose by £260m (9.4%) while exports fell by £229m (-3.4%)

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