

Note of the meeting of the UK Agricultural Market Monitoring Group, 13 February 2024

The UK Agricultural Market Monitoring Group comprises representatives from Defra, DAERA, Scottish Government and Welsh Government.



## 

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## Introduction

This note records the key points discussed at the meeting of the UK Agricultural Market Monitoring Group (UK AMMG) held on 13 February 2024. Present were representatives of Defra, Scottish Government, Welsh Government and DAERA (Northern Ireland). The meeting assessed issues impacting on the agricultural sector and reviewed the market situation across a range of UK agricultural commodities.

The publication of these notes is in the interest of preserving transparency and accountability. The accompanying data reports will be published on the same GOV.UK landing page.

## Key points: Market situation​

* The market situation is stable across all sectors, but this will continue to be monitored closely. Impacts of on-going flooding continue to be assessed.
* In January 2024, the pound performed well against all monitored currencies.
* Industrial action in France is leading to some concerns with exports, particularly in the horticulture sector, as many off-season goods from Spain rely on crossing the Channel via Calais, for entry to the UK.

# Intervention scheme announcements

There were no new market intervention schemes announced.

## Overview and market updates

In January 2024, brent crude oil prices dropped due to low global demand and Organisation of the Petroleum Exporting Countries (OPEC+) production remained level. Red diesel also fell following December’s lower crude oil prices.

Low demand, primarily due to ample stock levels and above-normal temperatures has kept prices of Tile Transfer Facility (TTF) natural gas low.

We have now moved into the spring campaign for fertiliser sales as farmers look to order the rest of their requirements. Nitrogen prices have continued to decline over the last month. Urea price has increased due to an uplift in global demand.

Currently the supply of seasonal workers continues to be meeting demand with no labour supply issues reported.

The 3-month weather outlook suggests that both rainfall and temperature should be around the average for the time of year. There is however an increased chance of some cooler temperatures towards the end of February 2024 which could create ice should ground remain saturated.

## Sector discussions

### Eggs

Average prices remained stable in quarter 4 of 2023 at 138.4p per dozen on average, remaining higher year-on-year.

Egg packing throughput continued to climb in quarter 4 of 2023. This quarter was the first time in 2023 that throughput was higher year-on-year. Totals now fall with the 5-year minimum/maximum range.

Weekly average layer egg settings for December 2023 are up 23% year-on-year, whilst chick placements were up 17% on the year.Egg and chick weekly averages were less erratic towards the end of 2023. Settings and placements followed the usual seasonal trend of dipping towards the end of the year.

### Poultry

The average EU broiler price for January is at the top end of the 5-year average, with little change over the last month.

Average weekly slaughter figures show a large drop in December 2023, but in November 2023 production was higher than usual due to higher retail orders.There were no supply chain issues for turkeys or broilers over Christmas.

### Pigs

In December 2023 UK weekly pig meat production was 16.2 thousand tonnes of pigmeat, a 17% decrease year-on-year.

Deadweight pig prices have fallen again in January 2024. This is a slight decrease from December 2023 but still an increase year-on-year. Prices remain historically high.

In the 12 months to November 2023 there has been a 3.2% decrease in the volume of pork imports from the world compared to the previous 12 months. However, there has been a 28.3% decrease in pork exports to the world in the last 12 months to November 2023 compared to the previous 12 months.

### Arable

Malting barley and bread making wheat prices remain above the 5-year average while feed barley, feed wheat and oilseed rape prices remain below the 5-year average. NI Potato washing and processing prices remain up on the month and year-on-year.

Reduced wheat availability and increased consumption indicates a tighter wheat balance. There is also expected to be a tighter barley balance due to a decrease in availability and slight increase in consumption.

### Horticulture

At the start of February 2024, most prices for horticultural commodities were up year-on-year, for example apples, raspberries, strawberries, carrots and tomatoes were all up year-on-year. Lettuce and onion prices were, however, slightly down year-on-year.

### Beef

Production levels in the UK declined by 23% in December 2023 compared to November 2023, with a notable 15% year-on-year decrease. Slaughter rates also witnessed sharp declines, down by 22% monthly and 14% year-on-year.

December 2023 recorded the lowest volume of production and slaughter in over five years.

Deadweight prices for all prime cattle remains historically high, trading 1% higher in January 2024 compared to December 2023. Prices are up 7.4% year-on-year and 29% up on the 5-year average 29.

### Sheep

In December 2023 production totalled 25,600 tonnes, down 7.7% year-on-year.

Sheep slaughter totalled 1.139 million heads, an 8.2% year-on-year decline. Clean sheep slaughter for 2023 was 12.28 million head, up 0.2% from 2022.

Clean lamb deadweight prices increase by 19% year-on-year.

UK sheep meat imports increased by 23% in November 2023, with imports driven by New Zealand and Australia. Exports grew by 7% month-on-month and 14% year-on-year, mainly to the EU.

### Dairy

UK December farmgate milk (FGMP) price of 37.8ppl is up marginally month-on-month, though still down year-on-year.

While December 2023 reversed the short decline in milk production seen since October 2023 as production unexpectedly increased in its latter weeks, weekly deliveries have since returned to year-on-year declines which should be seen as broadly positive against a background of recent over-supply.

Actual Milk Price Equivalent (AMPE) has fallen back while Milk for Cheese Value Equivalent (MCVE) have risen again, albeit from a low base – broadly UK markets and margins remain delicately balanced with many FGMPS unchanged for February 2024 and March 2024, some small increases, but no falls.

## Any other business

No other issues were raised.

## Date of next meeting

The next scheduled meeting of the UKAMMG will take place on 12 March 2024.

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