Department for Environment Food & Rural Affairs

Note of the meeting of the UK Agricultural Market Monitoring Group, 9 July 2024

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

Scottish Government
Riaghaltas na h-Alba
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Department of Agriculture, Environment and Rural Affairs

Llywodraeth Cymru
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 9 July 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

- Most of the domestic agricultural industry continues to be stable, with both prices and production predominantly steady. Where there is a decrease in the level of domestic production for certain commodities, any deficit is being met by imports.
- The Consumer Price Index, a measure of inflation, was 2.0% in May 2024, down from 2.3% in April 2024. One of the largest effects came from food inflation, which was 1.7% in May 2024 (down from 2.9% in April 2024).
- Take up of the seasonal workers visa scheme is higher at this point of the year than this time in 2023 but the 2024 visa allocation is projected to be sufficient to meet demand.
- The Met Office is projecting near-average rainfall in the July, August, and September 2024 period when viewed at the UK-scale.

Intervention scheme announcements

There were no new market intervention schemes announced.

Overview and market updates

Exchange rates have been generally stable in June 2024, showing little change from May 2024, while the Pound continues to be stronger than at the same point last year.

According to the Office for National Statistics (ONS), inflation has continued to decline, with the Consumer Prices Index at 2.0% in May 2024 (down from 2.3% in April). The food inflation component is now lower than that, currently at 1.7% (down from 2.9%).

Supply of seasonal workers appears to be meeting demand. Demand in June 2024 was higher than in May 2023, though at current trend, the 2024 allocation of 45,000 visas for seasonal workers is likely to be sufficient.

In June 2024 the average Brent crude oil average price stood at US$82.25 per barrel, the average price of red diesel stood at 82.7 p per litre, and the average European natural gas price stood at €34.47/ per megawatt hour. These changed from May 2024 by an increase of 0.6%, a decrease of 6.3%, and an increase of 8.4%, respectively.

The fertiliser market has remained stable, with July requirements largely covered. Sales fell throughout the second half of June, with the focus largely on nitrogen products for grassland applications. Prices of fertilisers trended downward on the month between 0.3% and 4.2%. The May 2024 prices of all fertilisers tracked were down between 13% and 33% when compared with May 2023.

The Met Office is projecting near-average rainfall in July, August, and September 2024 when viewed at the UK-scale. The temperature for the same period is projected to be higher than average. Conditions in specific areas are likely to be varied.

Continued consideration of impacts of prolonged wet weather

UKAMMG has continued to closely monitor the wet weather situation. There were no significant updates to report on the preliminary scenarios provided at the May 2024 meeting. A note detailing these scenarios has been published alongside these minutes.

Sector discussions

Poultry

The average EU broiler price for June 2024 was down 0.5% (month on month) at €271 per hundred kg, close to the 5-year maximum price.

Weekly May 2024 broiler slaughter numbers are up by 3.9% from April 2024, at 22.8 million birds.

Weekly May 2024 average poultry meat production is up by 5.5% from April 2024, at 40.7 thousand tonnes.

Weekly May 2024 turkey slaughter numbers are down by 1.0% from April 2024, at 0.14 million birds.

Horticulture

Apple prices have risen by over a third in the last year.

When compared to early June 2023, the average prices of soft fruits and vegetables were all markedly down in early June 2024.

Whilst the weekly price of tomatoes saw a 40% increase from early May 2024 to early June 2024 to settle at £1.50 per kilogram, this is lower than early June 2023 by 2.1%.

UK production of soft fruit and vegetables in June 2024 were at normal levels for the time of the year with the exception of brassicas due to a delay start of the season caused by the Spring wet weather.

Beef

The beef sector remained stable in June 2024. Deadweight prime cattle prices continue holding up and are 20% above the 5-year average.

Cow prices decreased marginally from May 2024 to June 2024 by 0.4%. Although these prices have decreased by 5.3% from June 2023, they remain 21% above the 5-year average.

In May 2024 cattle slaughter remained virtually unchanged from April 2024, settling at 41.6 thousand heads. This figure represents an increase of 2.9% from May 2023 and is 3.1% above the 5-year average.

Sheep

The sheep sector experienced continued high prices in June 2024 which remain markedly above the 5-year average. Factors including lower domestic supply, fewer imports, growing exports, and high demand are combining to push prices to new highs.

Sheep slaughter data shows an 11.7% year-on-year decline. Weekly average mutton and lamb production in May 2024 was down 10% year on year.

Dairy

UK liquid milk production for May 2024 totalled 1,377 million litres, up 5.0% month-on-month and down 0.9% year-on-year.

The May 2024 farmgate milk of 37.9p per litre is up 1.9% month on month and up 2.9% year on year.

The 7-day rolling average for the week commencing on 22 June 2024 for GB daily milk deliveries was 34.5 million litres, virtually unchanged year-on-year.

Pigs

Deadweight pig prices remained stable in June 2024 with the Standard Pig Price at 206.4p per kilogram during the week starting 22 June 2024 and the All Pig Price at 208.8p per kilogram during the week starting 15 June 2024.

In May 2024, UK weekly pig meat production was 18.3 thousand tonnes, virtually unchanged from May 2023.

In April 2024 weekly clean pig slaughter stood at 193.6 thousand heads, a 1.6% year-on-year decrease.

Eggs

The average egg price in Q1 2024 was 142.9 p/dozen, a 16% increase from Q1 2023.

The total egg packing throughput for Q1 2024 was 244.1 million dozen, a 6.3% increase from Q1 2023.

In May 2024, the weekly average of commercial layer eggs set was 2.32 million eggs, a 2.2% decrease from May 2023.

The weekly average of commercial layer chicks placed in May 2024 was 0.71 million chicks, a 2.4% decrease from May 2023.

Arable

The prices for arable crops remained stable in June 2024, with breadmaking wheat above the 5-year average and feed wheat and feed barley close to the 5-year average.

The AHDB Supply and Demand Survey reported domestic consumption of wheat to be historically strong. However higher imports resulting from concerns over next season's crop, as well as reduced exports, see end of season stocks forecast to be at their largest this century.

The barley supply and demand balance remains tighter than average. Similar to wheat, increased imports and minimal exports leave the heaviest ending stocks since 2014/15.

With increased domestic consumption of wheat, imports of maize are forecast up on 2022/23 levels, though forecasts remain below the previous 5-year average.

Any other business

No other issues were raised.

Date of next meeting

The next scheduled meeting of the UKAMMG will take place on 10 September 2024.

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