



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.

Milk prices at record levels

The average UK milk price for June 2013 increased by 2.7 per cent from the previous month to 30.77 pence per litre (exc. bonuses). This represents a rise of 17.8 per cent (4.66 pence per litre) on June 2012. This price marks a record monthly high, ahead of the previous high of 30.12 pence per litre which was set in December 2012. ([see section 2](#))

Small increase in nitrogen balance, but long term trend down

Defra [released](#) provisional 2012 figures for the UK and England soil nutrient balances on 25 July 2013.

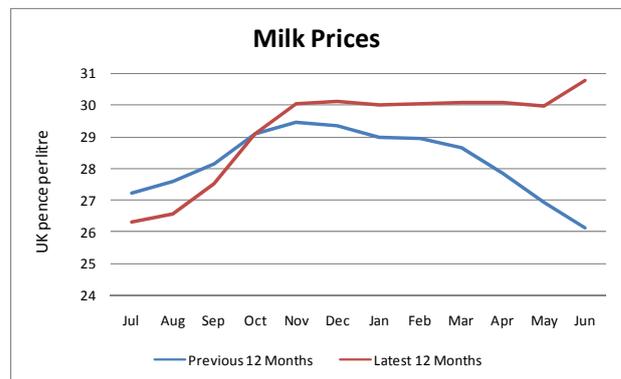
Soil nutrient balances provide a method for estimating the annual nutrient loadings of nitrogen and phosphorus to agricultural soils. The nutrient balances are used as a high level indicator of farming's pressure on the environment and of how that pressure is changing over time. The 2012 nitrogen balance was 4 per cent higher than 2011, though 16 per cent below the 2000 level, reflecting the long term downward trend. ([see section 2](#))

Crop areas likely to be reduced, wheat down, barley up

The results of the **2013 AHDB/HGCA Planting Survey** were published on 22 July. The Survey estimates that the total cereal and oilseed harvest area in Great Britain will fall by 4 per cent compared to 2012 as a result of the poor planting and growing conditions. The total GB wheat area is predicted to be down 19 per cent compared to 2012 whereas the total barley area is estimated to have increased by 26 per cent (mainly due to a 54 per cent increase in spring barley area). ([see section 2](#))

Harvest late, but progressing

This is the latest start to the England harvest in recent years. The winter barley harvest only got underway in earnest from 24 July. This is considerably later than normal, with winter barley typically starting between 8-10 July. An estimated 10 per cent of winter barley and 4 per cent of winter oilseed rape had been harvested by the end of July, along with very small areas of winter wheat. Initial yield figures are close to average but at this stage it is too early to give a firm indication for the whole of the season. ([see section 2](#))



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1. Overall economic position

Slight rise in inflation

The Consumer Prices Index (CPI) grew by 2.9 per cent in the year to June 2013, up from 2.7 per cent in May.

A rise in the price of motor fuels was the largest contributor to the rise in inflation. The most notable, but relatively modest, downward contributions came from food & non-alcoholic drinks (particularly vegetables), recreation & culture (principally package holidays) and furniture, household equipment & maintenance.

More details are in the full [statistical bulletin](#) from the Office for National Statistics.

Slight fall in unemployment rate

The unemployment rate for March to May 2013 was 7.8 per cent of the economically active population, down 0.2 percentage points from December 2012 to February 2013. There were 2.51 million unemployed people, down 57,000 from December 2012 to February 2013.

Retail sales up

In June 2013, the quantity bought in the retail sector increased by 2.2 per cent compared with June 2012. The main sources of upward pressure came from the non-store retailing sector and non-specialised stores (or department stores). Over the same period, the amount spent in the retail sector increased by 3.8 per cent.

Rise in GDP

UK gross domestic product (GDP) in volume terms was estimated to have increased by 0.6 per cent between Q1 and Q2 2013. All four main industrial groupings within the economy (agriculture, production, construction and services) increased in Q2 2013 compared with Q1 2013.

2. Farming

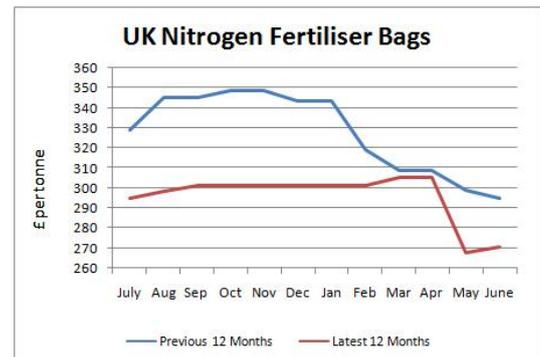
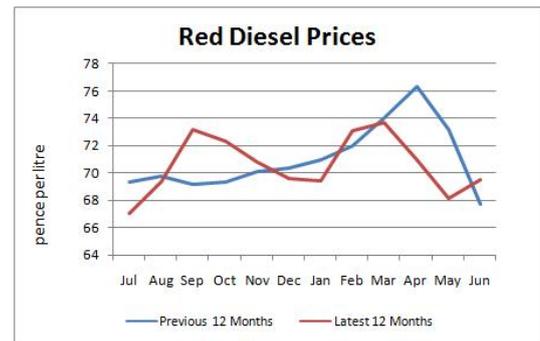
This section brings together the latest economic position for the farming sector (including UK and international input and commodity price intelligence) and the highlights of recently published evidence and research.

2.1. Economic

2.1.1. UK Prices – Inputs

- **Red Diesel:** In June 2013, the average price for red diesel rose to 69.47 pence per litre after substantial falls in April and May.
- **Fertiliser:** The average price for 34.5 per cent UK Ammonium Nitrate bags rose very slightly to £271 per tonne. Fertiliser prices remain low compared to earlier in the year to try and encourage sales. (Source: Dairy Co Datum)

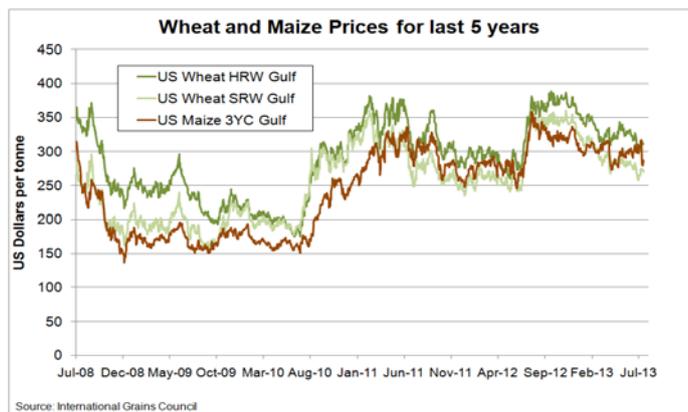
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2.1.2. Prices and Market Information – Commodities

Cereals

- The June average price of Hard Red winter wheat was \$320 per tonne, a decrease of 3.1 per cent from May. For Soft Red winter wheat the average June price was \$276, a decrease of 2.5 per cent from May. Prices available to mid July show a decrease of 3.6 per cent for Hard Red Winter wheat on the June average price and a decrease of 2.8 per cent for Soft Red Winter wheat.
- Maize prices have fallen from a record high of \$358 per tonne in July 2012 to \$300 per tonne in mid July (0.4 per cent lower than the June average price).



- In their most recent report (11 July) the US Department of Agriculture (USDA) published its latest world supply and demand estimates. For old crop wheat, global ending stocks for 2012/13 were revised downwards by 5.4Mt due to increased demand for animal feed from China (+5Mt) and European Union (+1Mt). Ending stocks are now estimated at 174.5Mt. New crop world wheat production in 2013/14 is estimated at 698Mt, up 2Mt from June and 43Mt above 2012/13 levels. This increased forecast is due to higher production estimates for the US and Australia. Production in the EU is also estimated higher at 136Mt, reflecting Croatia joining the EU on 1 July. The global demand estimate has been increased from 694.5Mt in June to 700Mt due to increased feed demand (mainly from China). As a result global ending stocks are now forecast at 172.4Mt, down almost 9Mt from the previous estimate.
- For maize, the USDA have revised world end of season stocks for 2012/13 slightly lower by 0.7Mt to 123.6Mt reflecting several minor changes to both production and demand. For new crop maize the USDA now forecast the US maize crop at 354Mt (-1.4Mt from previous estimate) due to a reduced harvested area estimate. Despite this reduction the 2013/14 crop is still forecast to be 80Mt higher than last year. Due to this estimated fall in US crop and a 1Mt reduction in Chinese production (now 211Mt) results in global production estimated at 960Mt (855Mt 2012/13). Global ending stocks are now forecast at 151Mt (-1Mt compared to the June estimate).

- Estimates for the 2012/13 soyabean production were revised upwards by 0.4Mt from June to 268Mt with increases in Paraguay and China offsetting a reduction in Argentine output. With demand forecasts remaining largely unchanged at 258.85Mt ending stocks increased 0.3Mt to 61.5Mt. For new crop US production was revised upwards by 1.5Mt to 93.1Mt as a result of the June planting report. With no other changes to US estimates ending stocks were increased from 7.22Mt in June to 8.04Mt which is at the higher end of expectations. Despite a 1Mt reduction in the Argentine crop global production is up 0.5Mt from June to 285.9Mt. With demand only slightly higher, global ending stocks are increased 0.4Mt to 74.12Mt.

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- **Animal Feed** (source Defra): During May 2013 (the latest period for which data is available), the total GB retail production of animal feed was 859 thousand tonnes, up 9.2 per cent on the same period in 2012. There was an increase in the retail production of animal feed in that period due to the wet weather and livestock having to be housed longer. The poor quality of the current forage crop has also been a factor. Total GB integrated poultry feed production was 205 thousand tonnes, down 2.6 per cent during May 2013 compared to the same period in 2012.
- **Flour** (source Defra): During May 2013, the total amount of wheat milled in the UK was 501 thousand tonnes, 5 per cent higher than in May 2012. Imported wheat milled was 189 thousand tonnes, up 251 per cent, due to the poor quality UK wheat harvest. 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 May 2013 was 312 thousand tonnes, down 27 per cent compared with May 2012. Flour production for the same period was 392 thousand tonnes, 1.8 per cent higher than in May 2012.
- **Brewers, Distillers and Maltsters** (source Defra): During May 2013, the total usage of barley by brewers, distillers and maltsters was 163 thousand tonnes, up 6 per cent compared to May 2012.

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Livestock (source: Defra)

- **Sheep:** UK home-killed production of mutton and lamb was 7.1 per cent higher in June 2013 compared to June 2012, with production during the first six months of 2013 rising by 5.3 per cent. Lamb slaughterings also increased compared to last year but this was mainly due to the low numbers in 2012. Throughputs of adult sheep were also well ahead of last year's low levels, being 20 per cent higher and was partly due to continued tight feed supplies and the problematic breeding season.
- **Cattle:** Production of beef and veal in June 2013 was 1 per cent higher than the same month in 2012. During the first six months of 2013 production decreased by 2.9 per cent, with slaughterings of prime cattle 3 per cent lower and average weights down on last year.
- **Pigs:** UK home-killed production of pigmeat was 1.0 per cent higher in June 2013 compared to 2012. During the first six months of 2013, production rose by 1.0 per cent on 2012 levels with slaughterings on a similar level to last year but heavier average weights.

Livestock products

- **Milk volumes:** In June 2013, the provisional volume of wholesale milk delivered to dairies in the UK was 1.2 billion litres, which was 1.1 per cent lower than the same period last year. Cumulative production for the first three months of the milk year is recovering as recent favourable weather conditions have helped milk production increase to more typical levels (source: RPA).
- **Milk prices:** The average UK milk price for June 2013 has increased by 2.7 per cent from the previous month to 30.77 pence per litre (exc. bonuses), which also represents a rise of 17.8 per cent (4.66 pence per litre) on June 2012. This price marks a record monthly high, ahead of the previous high of 30.12 which was set in December 2012. (source: Defra).
- **Eggs:** During the second quarter of 2013, 6.8 million cases of eggs were packed in the UK, of which 5.1 million (75 per cent) were packed in England and Wales. Packing station throughput steadily increased through 2012 and now shows a 7.9 per cent increase on Quarter 2 2012 (source: Defra).
- **Poultry meat:** Poultry meat production for the first six months of 2013, at 818 thousand tonnes, was 3.6 per cent higher than the same period last year.



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2.1.3. UK Crop development

This is the latest start to harvest in recent years. The first winter barley crops were harvested around 15 July, but harvest only got underway in earnest from 24 July. This is considerably later than normal, with winter barley typically starting around the 8-10 July. An estimated 35,000ha of winter barley (10 per cent of the area) and 25,000ha of winter oilseed rape (4 per cent of the area) has been harvested to date, along with very small areas of winter wheat. The majority of harvest activity so far has been in the South West, Eastern and Southern regions

The lateness of harvest is affecting all combinable crops as a result of the very cold March period and continued cool weather through May and June. July was largely dry and hot across most of the country, with daytime temperatures reaching in excess of 30°C on many days. This aided ripening and reduced disease pressure, but also caused some crop stress due to high soil moisture deficits and high temperatures. In the last week of July conditions have become more unsettled with repeated showers, heavy at times. These have only caused minimal disruptions given the small area of crops ready for harvest. Initial yield figures are close to average but at this stage it is too early to give a good indication for the season. (Source: ADAS).

The results of the **2013 AHDB/HGCA Planting Survey** were published 22 July. The Survey estimates that the total cereals and oilseeds harvest area in Great Britain will fall by 4 per cent compared to 2012 to 3.68 million hectares. As a result of the poor planting and growing conditions farmers were requested to supply results based on their intended harvest area rather than planted area.

The total GB wheat area is predicted to be down 19 per cent compared to 2012 at 1.61 million hectares whereas the total barley area is estimated to have increased by 26 per cent (mainly due to a 54 per cent increase in spring barley area) to 1.23 million hectares.

The 2013 oilseed rape area is projected to fall by around 9 per cent to 686 thousand hectares with additional spring planting partially offsetting a fall in winter oilseed rape. Farmers have shown a wide variation in their individual approaches to abandoning crops and therefore the decrease in harvested area should be treated with caution (Source HGCA).

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3. Environment, Health and Welfare

3.1. Environment

3.1.1 Soil nutrient balance results – UK & England, 2012

Defra [released](#) provisional 2012 figures for the UK and England soil nutrient balances on 25 July 2013. Soil nutrient balances provide a method for estimating the annual nutrient loadings of nitrogen and phosphorus to agricultural soils. They give an indication of the potential risk associated with losses of nutrients to the environment; losses which can impact on air and water quality and on climate change. The nutrient balances are used as a high level indicator of farming's pressure on the environment and of how that pressure is changing over time. The balances do not estimate the actual losses of nutrients to the environment but significant nutrient surpluses are directly linked with losses to the environment. The key results for England are:

- The nitrogen balance was a surplus of 91 kg/ha. This is an increase of 3 kg/ha (4 per cent) compared to 2011, and a reduction of 17 kg/ha (-16 per cent) compared to 2000, reflecting the long term downward trend. The increase between 2011 and 2012 has been mainly driven by a reduction in offtake, particularly via harvested crops and grazed pasture as a result of the poor weather in 2012. This has more than offset a reduction in inputs from inorganic (manufactured) nitrogen fertilisers. Main drivers for the overall reduction in the surplus since 2000 have been reductions in the application of inorganic (manufactured) fertilisers and manure production (due to lower livestock numbers).
- The phosphorus balance was a surplus of 6.3 kg/ha. This is an increase of 0.9 kg/ha (16 per cent) compared with 2011 and driven by a reduction in offtake (mainly via harvested crops). As with nitrogen, the long term trend is downward (with similar drivers). The total surplus has fallen from 9.1kg/ha in 2000 a reduction of 31 per cent.

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3.1.2 Agricultural Statistics and Climate Change

The fourth edition of Agricultural Statistics and Climate Change was [published](#) on the 25 July 2013. The publication brings together a range of statistics that relate directly and indirectly to emissions, which can give an indication of whether agriculture is increasing its efficiency in ways that reduce GHG emissions. These include data on slaughter weights and ages, feed conversion ratios, livestock mortality, fertiliser and land use. Also included are data relating to on-farm practices that can give a picture of farmer awareness and the degree of uptake of measures to reduce emissions. The publication also incorporates statistics emerging from developing research and provides some international comparisons.

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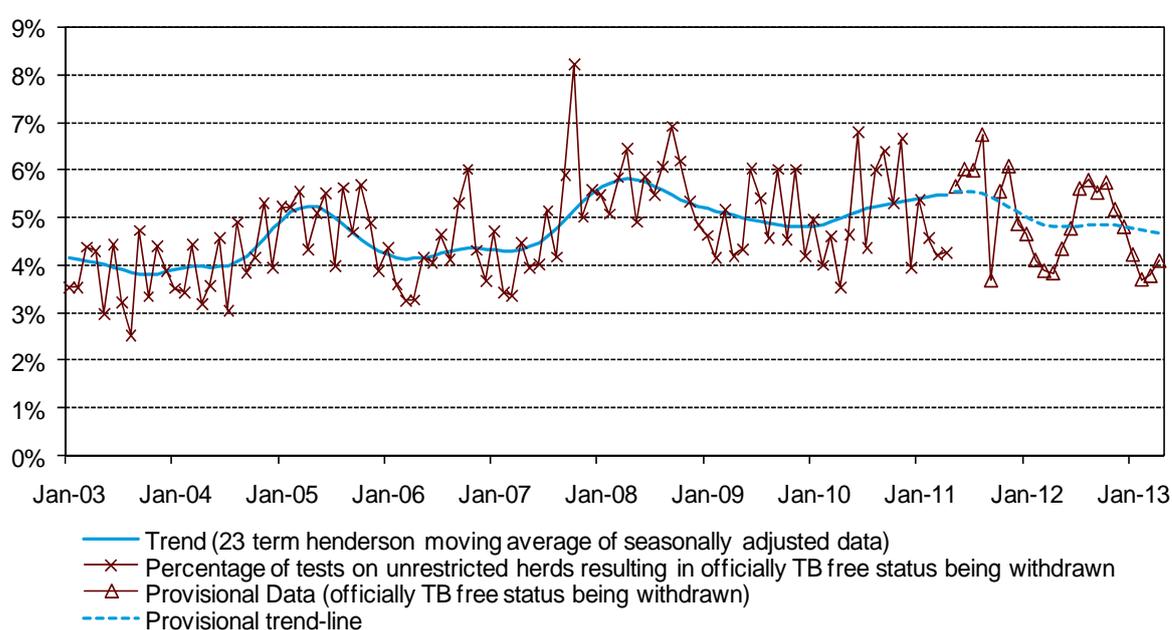
3.2. Health and Welfare

3.2.1. TB Statistics April 2013 – Great Britain

The provisional April 2013 ([published on 17 July](#)) incidence rate is 4.1 per cent, compared to 3.8 per cent in April 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 April 2013 was 1,838 compared to 1,940 for January to April 2012. The number of tests on officially TB free herds was 29,419 during January to April 2013, compared to 31,517 during January to April 2012. The number of cattle compulsorily slaughtered as reactors or direct contacts was 12,006 during January to April 2013, compared to 12,279 during January to April 2012.

Chart 1: 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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3.2.2. Animal health and welfare practices on farm 2011/12, England

Results from questions on animal health and welfare practices adopted by farmers from the 2011/12 Farm Business Survey were [published](#) on the 30 July 2013.

The results suggest that many farms are regularly discussing their animal health plan with a vet, and that over half of dairy farms are doing this at least monthly. There is, however, a significant minority of farms (30 per cent) that never discuss animal health plans with a vet.

Whilst it is not surprising that the vast majority of farms are currently carrying out at least one disease prevention practice, it is slightly surprising that less than 10 per cent of farms will be undertaking *additional* practices in the next 12 months.

Many farmers cite pursuit of good economic performance and animal welfare as drivers of uptake of animal health practises, but only a minority consider consumers and the 'market' as a key driver.

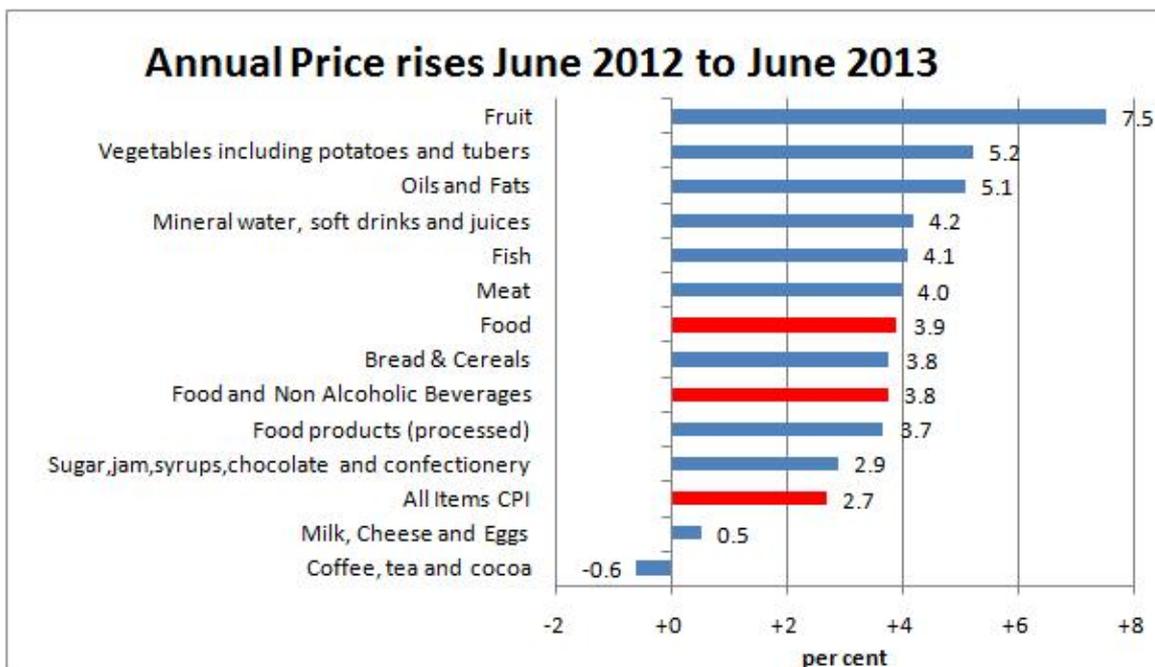
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4. Food

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.

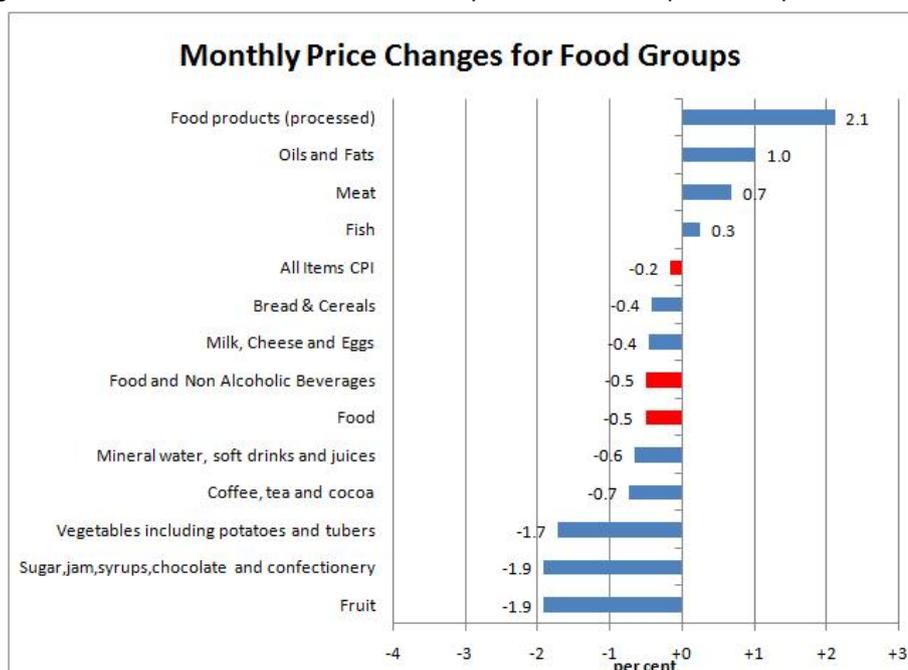
4.1. Food inflation: consumer and retail prices

Food inflation fell to 3.8 per cent in June but is still well above general inflation which has risen to 2.9 per cent.



Overall, food and non alcoholic beverages had a small downward effect on the CPI annual rate. Vegetables, including potatoes, had a large downward effect, due to falls in the price of lettuce, premium potato crisps and frozen chips. Lettuce prices overall fell this year but rose a year ago. Potato prices have decreased from the high levels of May. Last month cold weather was delaying the British harvest and Spanish supply was also reduced. Prices for premium potato crisps and frozen chips fell this year but rose a year ago.

Fruit has had a small downward effect on the CPI due to grapes, where prices fell this year but rose a year ago, and strawberries, where prices overall fell this year by less than a year ago.



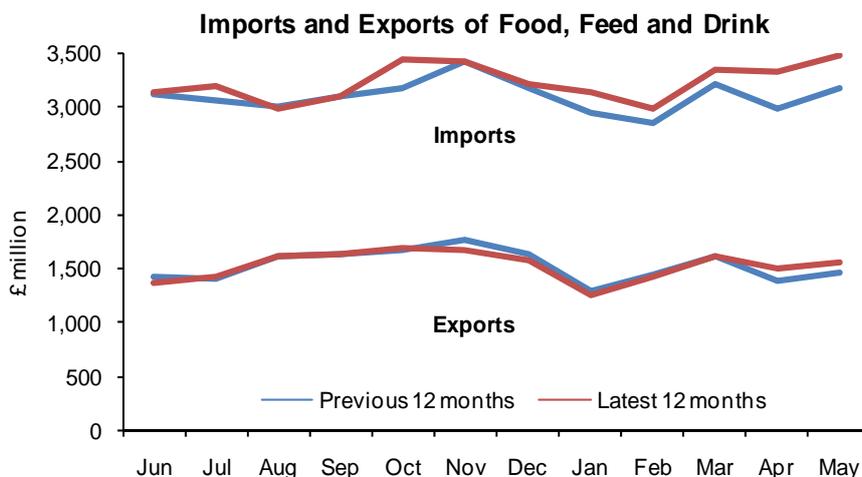
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4.2. International Trade in Food, Feed and Drink

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

In May:

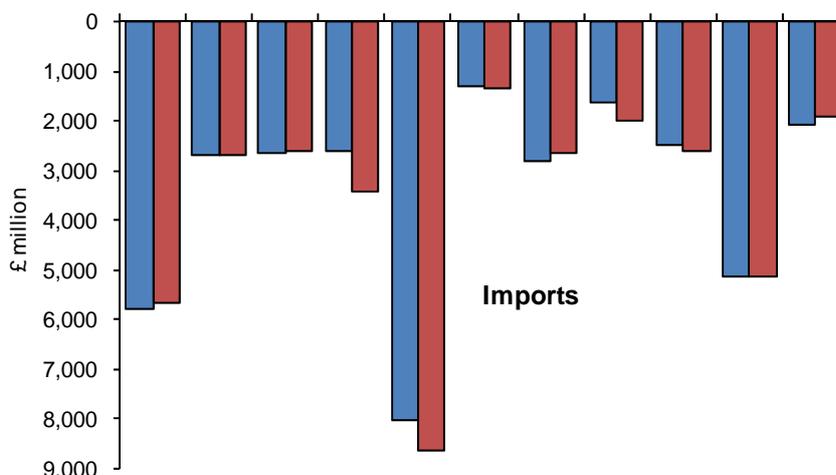
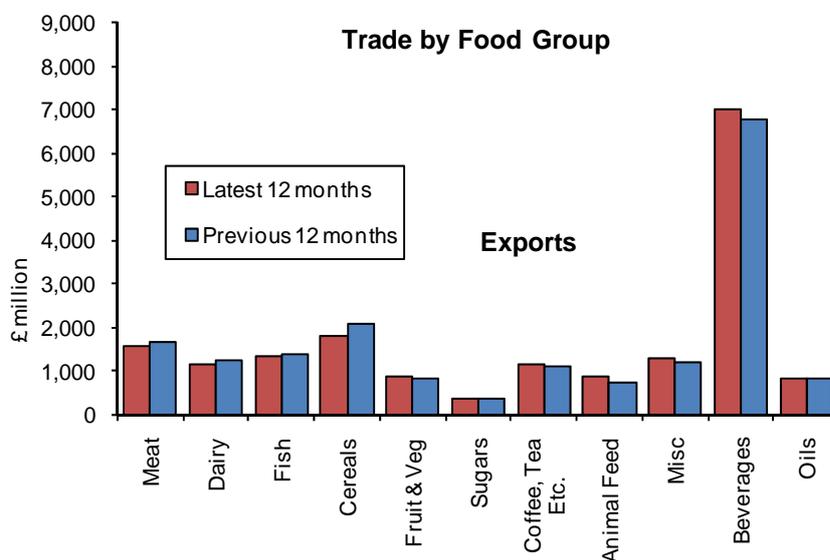
- the value of exports was £1.6 billion, 5.6 per cent higher than in May 2012;
- the value of imports was £3.5 billion, 9.2 per cent higher than the previous May;
- this resulted in a crude trade gap of minus £1.9 billion, 12.4 per cent wider than in May 2012.



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

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

- imports of **meat and meat products** fell by £112m (-1.9 per cent), while exports fell by £79m (-4.7 per cent)
- imports of **cereals and cereal preparations** rose by £822m (31.7 per cent), while exports fell by £294m (-14.0 per cent)
- imports of **fruit and vegetables** rose by £582m (7.2 per cent), while exports rose by £13m (1.5 per cent)
- imports of **beverages** rose by £15m (0.3 per cent) while exports rose by £210m (3.1 per cent)
- imports of **oils and fats** fell by £140m (-6.8 per cent) while exports fell by £7m (-0.8 per cent)



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