



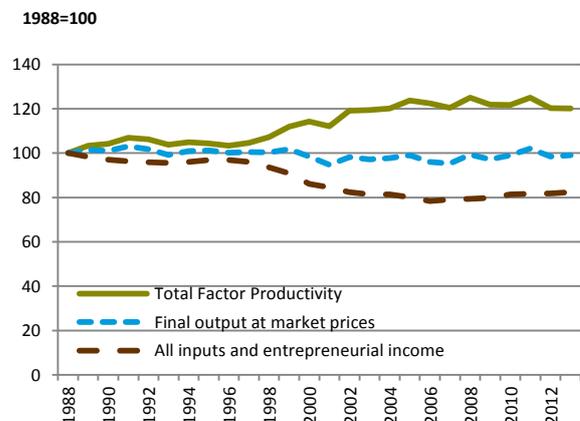
Headline summary

Total Factor Productivity of the UK agricultural industry 2013, 1st estimate

Total factor productivity of the agricultural industry in the United Kingdom is estimated to have fallen by 0.1% between 2012 and 2013. Compared to 2012 there was an increase of 0.5% in the volume of outputs but a larger increase of 0.7% in the volume inputs. This is the second year in a row that total factor productivity has fallen, as the effects of the poor weather in 2012 also impacted on the 2013 figures.

Over the longer period, the volume of final output has remained largely unchanged between 1988 and 2013 while the volume of all inputs and entrepreneurial labour fell by 18%, leading to total factor productivity increasing by 20%. Total factor productivity stayed relatively unchanged during the mid-80s to mid-90s, increased by 18% between 1997 and 2005 and has since remained mostly level with year to year variations.

Total factor productivity of the UK agricultural industry: 1988 to 2013



UK cereal supply and demand estimates 2013/14

The fourth official forecast of the 2013/14 UK cereal supply and demand balance sheet based on the 2013 harvest was released on 22 May 2014.

- **Wheat** availability is forecast 9% lower than 2012/13 at 16.037Mt, this reduction is due to lower production and imports offsetting higher opening stocks. Exports are forecast at 450kt. Wheat for Human and Industrial consumption (H&I) is forecast to be 7.429Mt which is 2% lower than last year but slightly higher than from earlier forecasts due to improved usage by wheat distillers. Wheat usage as animal feed is forecast at 6.040Mt, down 12% on 2012/13, compared to total cereal usage of animal feed which is 0.4% lower on last year.
- **Barley** availability is estimated at 8.177Mt, up 22% on 2012/13. Barley used by the Human and Industrial Sector is estimated at 1.933Mt, 5% higher than last year due to increased usage by a strong distilling sector. Animal feed usage for barley has increased by 10% on last season to 3.581Mt due to increased demand and competitiveness of barley against wheat.
- **Maize availability** is forecast at 2.396Mt, 30% higher than 2012/13 due to increased imports which are now forecast at 2.180Mt: increased demand from both the Human and Industrial and Animal feed sector stimulated imports.
- **Oats** availability is forecast at 1.078Mt, 35% higher than last year on the back of the large 2013 harvest, the largest for three decades. (see section 2.1.2)

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1. Overall economic position

Consumer Price Index

- Food inflation fell to an annual rate of 0.75% in the year to April, down from 1.7% in March. Food inflation is below general inflation at 1.8%, which rose from 1.6% in March.
- The largest contributions to the increase in the CPI annual rate came from transport and 'clothing and footwear', with the timing of Easter probably contributing to this. The largest downward contributions came from 'food and non-alcoholic beverages' and 'alcohol and tobacco'.

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

Unemployment Rate

- Latest estimates for January to March 2014 show that employment continued to increase. Unemployment continued to fall, as did the number of economically inactive people aged from 16 to 64.
- There were 30.43 million people in work for January to March 2014, 283,000 more than for October to December 2013 and 722,000 more than a year earlier. These increases in employment are partly due to more self-employed people.
- There were 2.21 million unemployed people for January to March 2014, 133,000 fewer than for October to December 2013 and 309,000 fewer than a year earlier.

Retail Sales

- In April 2014, the quantity bought in the retail industry increased by 6.9% compared with April 2013 and by 1.3% compared with March 2014. This was the highest year-on-year growth in the quantity bought since May 2004 and continued a pattern of year-on-year growth since early 2013
- With the exception of petrol stations, all stores saw year-on-year increases in sales volumes. Notably the food sector posted its strongest year-on-year growth since January 2002, increasing by 6.3%. Feedback from food store retailers suggested that a better than expected Easter and better weather conditions helped to boost sales.

GDP – Preliminary Estimates, Q1 2014

- GDP increased by 0.8% in Q1 2014 compared with growth of 0.7% in Q4 2013.
- GDP was 3.1% higher in Q1 2014 compared with the same quarter a year ago.
- In Q1 2014 GDP was estimated to be 0.6% below the peak in Q1 2008.

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 April 2014, the average price for red diesel rose to 66.57 pence per litre. Current prices are 6.1% lower than April 2013.
- **Fertiliser:** The average price for 34.5% UK Ammonium Nitrate bags remained unchanged at £299 per tonne. Current prices are 12% higher than May 2013. (Source: Dairy Co Datum)

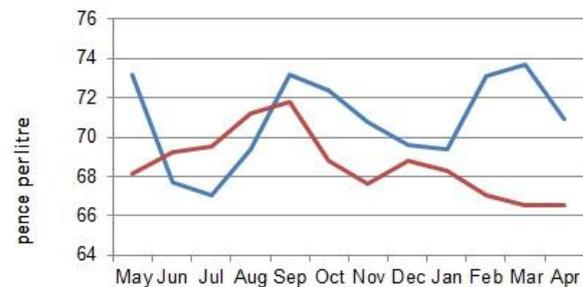
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2.1.1. Prices and Market Information – Commodities

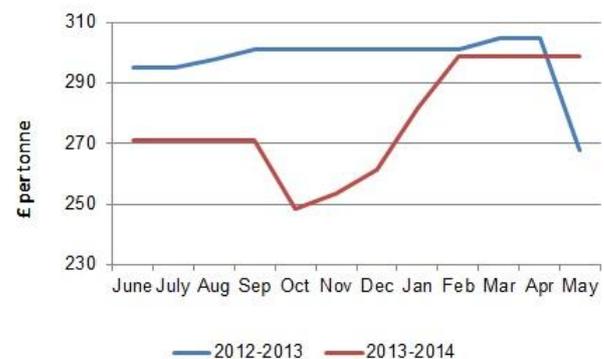
Cereals

- The April average price of Hard Red winter wheat was \$337 per tonne, 0.4% higher than February. For Soft Red winter wheat the average April price was \$288, -2.2% lower than March. Prices available to mid May show an increase of 3.9% for Hard Red Winter wheat on the April average price and the same for Soft Red Winter wheat.
- Maize prices have fallen from a record high of \$358 per tonne in July 2012 to \$233 per tonne in mid May (0.9% lower than the April average price).
- The USDA published their latest bulletin on 9 May 2014. This bulletin included initial projections for the 2014/15 season in addition to updating 2013/14 forecasts from their April bulletin. For **Wheat** the USDA made few alterations although it is worth noting that the EU export figure was increased by a further 1Mt to a new record of 30Mt. For 2014/15 the USDA suggests a finely balanced global supply and demand situation. Global production is forecast at 17Mt lower due to Canada and Ukraine reduced from record 2013/14 output and also lower production from US and Australia.
- For **Maize** the USDA increased 2013/14 global production by a further 5Mt to 979Mt, mainly due to a 3Mt upward revision to Brazilian production. With higher opening stocks, less feed demand and an increase in end of season stocks in South America and China then total end of season stocks were increased by 10.4Mt to 168.4Mt. Forecasts for 2014/15 suggest global production at a similar level to 2013/14 with higher yields in the US more than offsetting lower planted area. Ukrainian production is forecast at 26Mt, nearly 5Mt down on last season's record due to lower expected input use. Global feed demand is

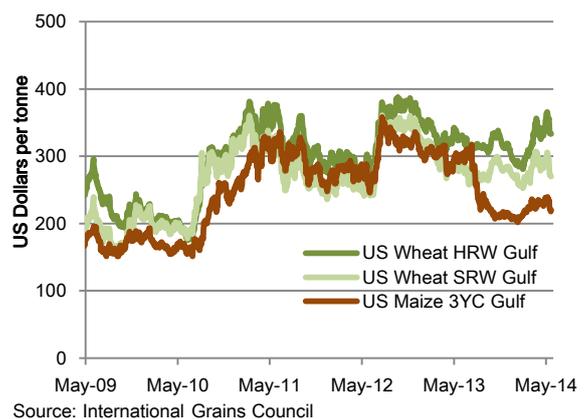
Red Diesel Prices



UK Nitrogen Fertiliser Bags



Wheat and Maize prices for last 5 years



projected at a new record of 592.3Mt but this will not offset production and therefore a second successive surplus is projected which could mean global season stocks at a 15 year high of 181.7Mt.

- The USDA have not made major changes to 2013/14 global production (714Mt) but slightly higher demand has led to a tightening of the overall supply and demand balance. End of season stocks are slightly reduced to 186.5Mt. It is still very early in the US planting season and until planting starts in South America it is difficult to forecast 2014/15 production. However the initial forecast is for global production to reach a record figure (299.8Mt) with demand also projected to be higher at 280.6Mt.

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- **Animal Feed** (source Defra): During March 2014 (the latest period for which data is available), the total GB retail production of animal feed was just under 1.1 million tonnes, down 4.6% on the same period in 2013. Total GB integrated poultry feed production was 236 thousand tonnes, down 1.4% during March 2014 compared to the same period in 2013.
- **Flour** (source Defra): During March 2014, the total amount of wheat milled in the UK was 561 thousand tonnes, 5% lower than in March 2013. The total amount of home grown wheat milled in the UK for March 2014 was 466 thousand tonnes, up 20% compared with March 2013. There were 95 thousand tonnes of imported wheat milled in March 2014, down 53% compared with March 2013. The poorer quality 2012 UK crop resulted in greater use of imported wheat, however March 2014 has shown millers continuing to revert back to using a greater proportion of home grown wheat from the better quality 2013 wheat crop. Flour production for the same period was 443 thousand tonnes, 2% lower than in March 2013.
- **Brewers, Distillers and Maltsters** (source Defra): During March 2014, the total usage of barley by brewers, distillers and maltsters was 169 thousand tonnes, up 5% compared to March 2013.

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2.1.2. United Kingdom Cereal Supply and Demand Balance Sheet 2013/14

The fourth official forecast of the 2013/14 UK cereal supply and demand balance sheet based on the 2013 harvest was released on 22 May 2014 and takes into account adjustments for the latest trade and usage data. This forecast now incorporates revisions to the stocks figures based on the publication of the Cereal Stocks results on 15 May 2014.

The final review of the balance sheet will be published in September 2014.

Wheat availability is forecast 9% lower than 2012/13 at 16.037Mt, this reduction is due to lower production and imports offsetting higher opening stocks. Exports are forecast at 450kt

Wheat for Human and Industrial consumption (H&I) is forecast to be 7.429Mt which is 2% lower than last year but slightly higher than from earlier forecasts due to improved usage by wheat distillers. Overall flour production is forecast to be 3% lower than last year. **Wheat usage as animal feed is forecast at 6.040Mt, down 12% on 2012/13, compared to total cereal usage of animal feed which is 0.4% lower on last year.** Overall feed demand has remained strong with demand from the dairy sector largely offsetting reduced demand due to better weather and abundant forage. Wheat use in feed has reduced, replaced in the feed ration by competitively priced other grains.

Commercial end season stocks are estimated at 1.763Mt, 19% lower than 2012/13 of which 1.450Mt is estimated as operating stock.

Maize availability is forecast at **2.396Mt**, 30% higher than 2012/13 due to increased imports which are now forecast at 2.180Mt: **increased demand from both the Human and Industrial and Animal feed sector stimulated imports.** Both compounders and integrated poultry units have increased maize usage at the expense of wheat due its price competitiveness. Maize usage in animal feed is expected to decline for the last three months of the season, in part due to the seasonal decline in ruminant feed. Maize exports are forecast at 218kt. Due to the higher availability not being absorbed by a similar increase in demand maize closing stocks are forecast at 294kt, 36% above 2012/13.

Barley availability is estimated at 8.177Mt, up 22% on 2012/13. Barley used by the **Human and Industrial Sector** is estimated at 1.933Mt, 5% higher than last year due to increased usage by a strong distilling sector. **Animal feed** usage for barley has increased by 10% on last season to 3.581Mt due to increased demand and competitiveness of barley against wheat. Imports are estimated to be 63 per cent lower than 2012/13 at 88kt and exports more than 3 times higher at 1.248Mt. Closing stocks are estimated to be 1.230Mt, 23kt higher than last year.

Oats availability is forecast at 1.078Mt, 35% higher than last year on the back of the large 2013 harvest, the largest for three decades.. Human and Industrial Sector usage has increased by 5% as a result of continued growth in the oat milling sector. Usage as animal feed is forecast to increase by 91% to 378kt mainly through increased fed on farm. Imports are forecast at 45kt and exports at 37kt. Closing stocks are forecast at 125kt, an increase of 81% on last year.

The full statistical release can be found [here](#).

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Livestock (source: Defra)

- **Sheep:** UK home-killed production of mutton and lamb in April 2014 was 15% higher than in April 2013. However, with slaughterings still behind last year's levels, production in the first four months of 2014 was only 1% higher.
- **Cattle:** UK home-killed production of Beef and Veal was slightly higher in April 2014 compared to April 2013, as strong weights helped to offset the fall in slaughterings. Production in the first four months of 2014 was 2.3% higher.
- **Pigs:** UK home-killed production of pigmeat was 1.0% higher in April 2014 compared to 2013. During January to April 2014, heavier average weights, at over 80 kilogram, saw production rise by 1.6%.

Livestock products

- **Milk volumes:** The provisional volume of wholesale milk delivered to UK dairies during April 2014 was 15% higher than the same period last year, at 1.3 billion litres, 165 million litres higher than April 2013. For the third month in a row, this is the highest level of milk production since RPA records began in 1994/95. Good milk prices and favourable weather conditions are still encouraging factors for milk producers. (source: RPA).
- **Milk prices:** The average UK milk price for April 2014 shows a minor decrease of 1.2% on the previous month at 33.3 pence per litre (inc. bonus payments), but still represents a healthy increase of 10.7% on the same period the previous year. Easing global demand for milk products combined with continued good levels of domestic milk supply has tempered the recent monthly rises to the farmgate price (source: Defra).
- **Eggs:** During the first quarter of 2014, 6.7 million cases of eggs were packed in the UK, of which 5 million (74%) were packed in England and Wales. 51% of eggs packed during Q1 2014 were produced intensively and 43% of eggs packed were free range. The average price paid by egg packers to egg producers during Q1 2014 for all egg types was 87.1 pence per dozen. This was a decrease of 5.6% on the same period the previous year (source: Defra).



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2.1.3. Total Factor Productivity of the UK agricultural industry 2013, 1st estimate

Total factor productivity of the agricultural industry in the United Kingdom is estimated to have fallen by 0.1% between 2012 and 2013. Compared to 2012 there was an increase of 0.5% in the volume of outputs but a larger increase of 0.7% in the volume inputs. This is the second year in a row that total factor productivity has fallen, as the effects of the poor weather in 2012 also impacted on the 2013 figures.

Over the longer period, the volume of final output has remained largely unchanged between 1988 and 2013 while the volume of all inputs and entrepreneurial labour fell by 18%, leading to total factor productivity increasing by 20%. Total factor productivity stayed relatively unchanged during the mid-80s to mid-90s, increased by 18% between 1997 and 2005 and has since remained mostly level with year to year variations.

Crop output recovered slightly in 2013 following the poor harvest in 2012 due to the difficult weather conditions. Cereals were a mixed picture. Whilst volume of barley output rose by around a third as spring plantings increased following the planting problems in autumn 2012, in comparison the volume of output of wheat fell by 10 with a reduction in the area harvested offsetting any improvements in yield and quality. Oilseed rape output fell by 17% in 2013, poor planting conditions in autumn 2012 led to a reduced harvest and yields were at their lowest since 2004. The volume of output of potatoes rose by 7%, with the 2013 potato harvest back to normal levels and stocks replenished following the difficulties seen in 2012. Output volumes of forage crops rose by 45% in 2013 as they bounced back strongly after the drop seen in 2012. The output volume of fruit also recovered after the fall in 2012 and rose by 6.5% in 2013; however the volumes are not back to the levels seen in 2011.

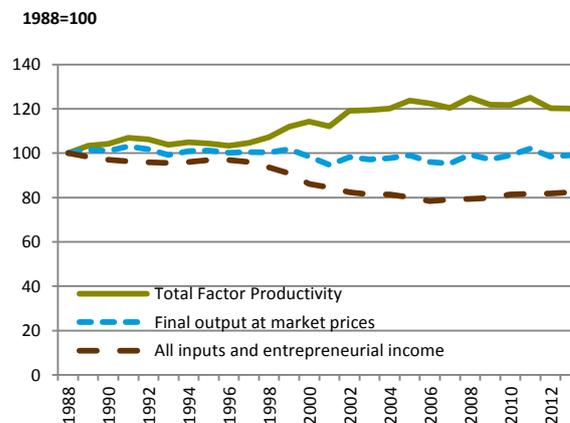
There was a 0.9% increase in livestock output with increases seen in most sectors. The exception was cattle as the production fell due to feed availability and higher costs which affected finished weights.

Overall volume of inputs increased in 2013. Additional feed, increase of 7.8%, was required due to limited forage stocks caused by the poor forage harvest in 2012, as well as poor early season grass/fodder growth, increased pig and poultry numbers and the need for extra rations to maintain milk production following milk price rises. Seed inputs saw an 8% increase due to the additional spring plantings following the difficult planting conditions seen in autumn 2012. In contrast use of plant protection products fell by 10% due to the improved weather conditions and a reduced area of wheat and oilseed rape crops.

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

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Total factor productivity of the UK agricultural industry: 1988 to 2013



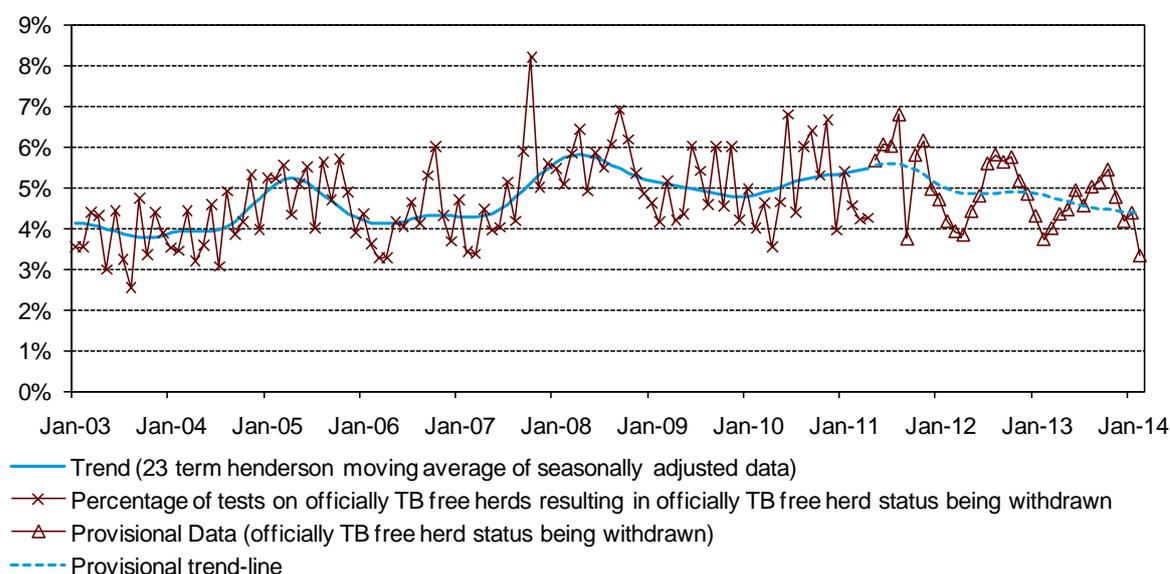
3. Environment, Health and Welfare

3.1. Health and Welfare

3.2.1. TB Statistics February 2014 – 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 for January to February 2014 is 3.9% compared to 4.0% for January to February 2013. 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 February 2014 was 955 compared to 898 for January to February 2013. The number of tests on officially TB free herds was 15,977 during January to February 2014, compared to 14,906 during January to February 2013.
- The number of cattle compulsorily slaughtered as reactors or direct contacts was 5,928 during January to February 2014, compared to 6,304 during January to February 2013.

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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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.

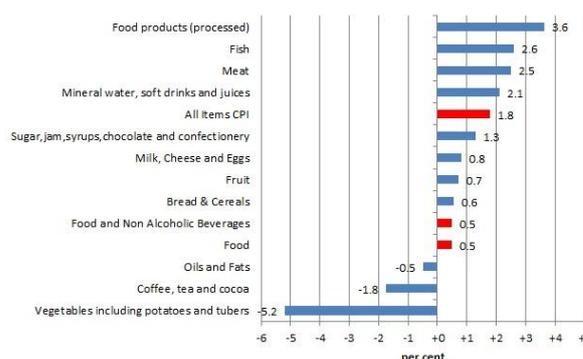
4.1. Food inflation: consumer and retail prices

Food inflation fell to an annual rate of 0.5% in the year to April, down from 1.7% in March. Food inflation is below general inflation at 1.8%, which rose from 1.6% in March

The food inflation rate is the lowest since April 2006. Between March and April 2014 food and non-alcoholic drink prices fell by 0.5%.

Annual all items inflation was 1.8% in the year to April 2014, a slight increase on March. The largest contributions to the increase in the CPI annual rate came from transport and 'clothing and footwear', with the timing of Easter probably contributing to this. The largest downward contributions came from 'food and non-alcoholic beverages' and 'alcohol and tobacco'.

Annual Price rises April 2013 to April 2014



The figures quoted above include non-alcoholic beverages. For food only, inflation was 0.5% in the year to April. The largest contribution to the decrease came from vegetables including potatoes and, to a lesser extent, sugar, jam, syrups, chocolate and confectionery; milk, cheese and eggs; bread and cereals; meat; fish; and oils and fats.

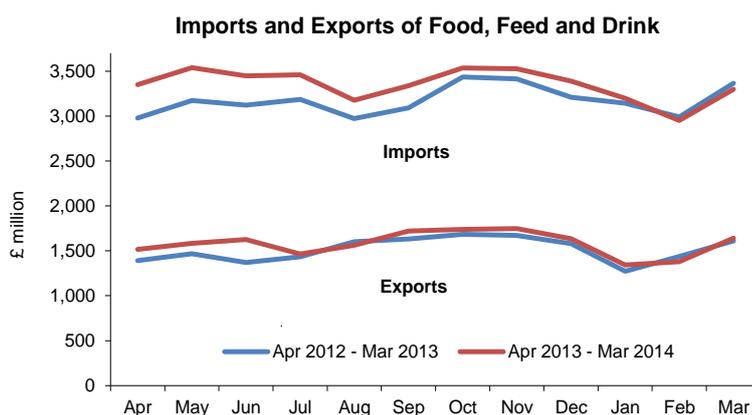
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4.2. International Trade in Food, Feed and Drink

This section shows the latest available trade figures (to March 2014).

In March:

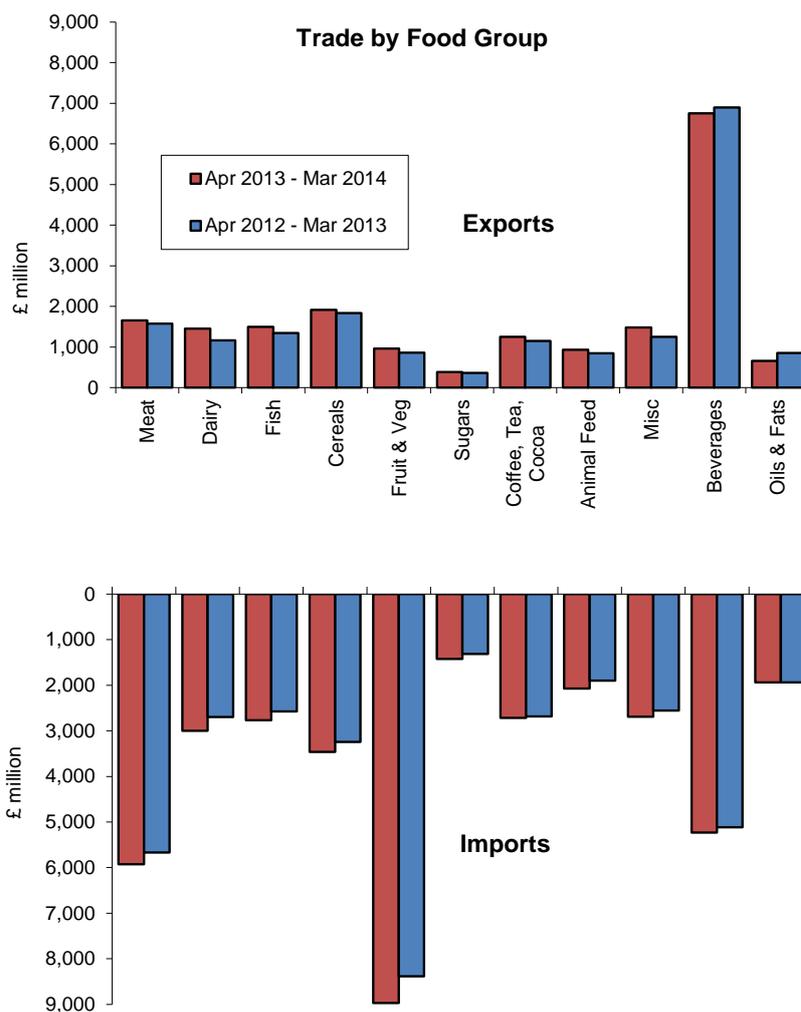
- The value of exports was £1.6 billion, 1.8% higher than in March 2013;
- The value of imports was £3.3 billion, 2.0% lower than the previous March;
- This resulted in a crude trade gap of minus £1.7 billion, 5.5% narrower than in March 2013.



The following chart shows annual trade by food group for the periods April 2012 – March 2013 and April 2013 – March 2014.

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

- Imports of **dairy products and eggs** rose by £305m (11.3%), while exports rose by £291m (25.0%)
- Imports of **fish and fish preparations** rose by £197m (7.7%) while exports rose by £149m (11.0%)
- Imports of **cereals and cereal preparations** rose by £224m (6.9%), while exports rose by £76m (4.1%)
- Imports of **fruit and vegetables** rose by £584m (7.0%), while exports rose by £104m (12.2%)
- Imports of **beverages** rose by £115m (2.2%) while exports fell by £144m (-2.1%)



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