

# Key Statistics: Monthly Update

July 2014

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A briefing for members on the latest agricultural statistics and economic indicators from NFU Economics.

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## UK Crop Progress

The latest [ADAS](#) crop development report, released on 31 July, indicates that by 29 July, an estimated 20% of the UK combinable crop area had been harvested, compared to 10% typically at the end of July. Harvesting of winter barley and winter oilseed rape is nearing completion in the southern half of England and has started further North and into Scotland and Wales. Harvesting has commenced in Southern regions on wheat, spring barley and some oats. There were few interruptions with harvest over the period 23-29 July, with most regions having settled weather allowing over 10 hours of harvesting every day, where crops were mature. Just under 500,000 ha of crops were harvested in the period, mostly winter barley and winter oilseed rape.

Early yields across all crops are close to or better than average. Winter barley yields are good, averaging 7.2-7.4 t/ha, whilst winter oilseed rape yields are averaging 3.4-3.6 t/ha. By 29 July, it is estimated that just under 5% of the winter wheat area had been harvested. It is still very early in harvest and only small amounts of yield data are available for the earliest crops harvested.

## Farm Practices Survey

Results from the 2014 Farm Practices Survey covering greenhouse gas mitigation measures were published by [Defra](#) on 24 July 2014. Topics covered include nutrient and manure management plans, uptake of anaerobic digestion, manure and slurry storage, fertiliser, manure & slurry spreaders, farm health plans and cattle and sheep breeding and feeding practices.

Key results included:-

- A steady increase in the proportion of holdings with a nutrient management plan, up from 46% in 2006 to 60% in 2014.
- Those holdings with nutrient management plans in 2014 accounted for 74% of the farmed area.
- Over the past four years more holdings reported a financial benefit (49% in 2014) from having such a plan than an environmental one (34% in 2014). Of those without a plan, 22% would not be motivated to create one.

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## The voice of British farming

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- The number of livestock holdings with a farm health plan is 74% in 2014. Of those holdings with a plan in 2014, 82% use their plan either routinely or when possible during the year to inform decisions on disease management.

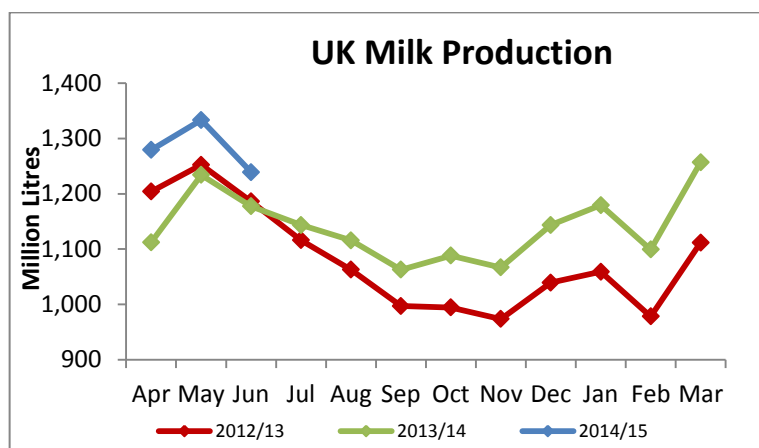
## Balance sheet analysis and farming performance, England 2010/11-2012/13

On the 10th July 2014 [Defra](#) published results from an analysis looking at the profitability and resilience of farms in England 2010/11 to 2012/13. The results are sourced from Defra's Farm Business Survey. The notice examines six measures; liabilities, net worth, gearing ratios, liquidity, net interest payments as a proportion of Farm Business Income and Return on Capital Employed.

The key results are:

- Across all farms average (mean) liabilities (debt) are £150,000 per farm.
- Average (mean) net worth across all farms is £1.2 million. Around 40% have a net worth of £1 million or more. This indicates that these farm businesses are likely to be resilient to fluctuations in income, at least in the short term.
- The average (mean) gearing ratio across all farms is 11%, with around half of farms having a gearing ratio of less than 5%, suggesting that the vast majority of farms are viable over the longer term.
- The average (mean) liquidity ratio across all farms is 246%.
- Net interest payments are on average (mean) 6% of Farm Business Income, ranging from 5% for cereal farms to 13% for pig & poultry farms.

## Milk Production



The provisional volume of wholesale milk delivered to UK dairies during June 2014 was 62 million litres or 5.2% higher than the same period last year (when deliveries were still hampered by conditions in the spring), at 1.24 billion litres. Cumulative deliveries for the 2014/15 milk year stood at 3,851m litres, which is 328m litres more than the 2013/14 milk year. While many farmgate price reductions have come into effect, input costs are still favourable compared to last year, particularly for feed, where prices for straights continue to set some historical contract lows.

## Tractor sales rise in first half of 2014

UK tractor registrations totalled 1,144 units for June, which was a 1.4% rise on the same month a year ago. That means the half-year total was 6,942 – an increase of 4% on 2013, according to the Agricultural Engineers Association. As usual, average power output has continued its march upwards by reaching 151.6hp for the first six months of 2014, which equates to a 2.6% increase on a year earlier.

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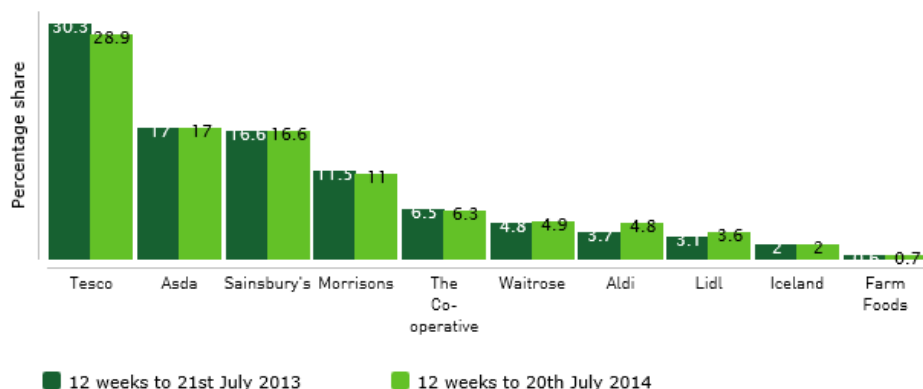


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Despite the increase in sales, most manufacturers expect a flat second half of the year because the underlying farming conditions are uncertain. For the arable sector – which is the biggest buyer of new farm machinery – crop prices have been sliding away and are now near the cost of production for many. Yields look promising, though, so it may go some way to offsetting the lower prices.

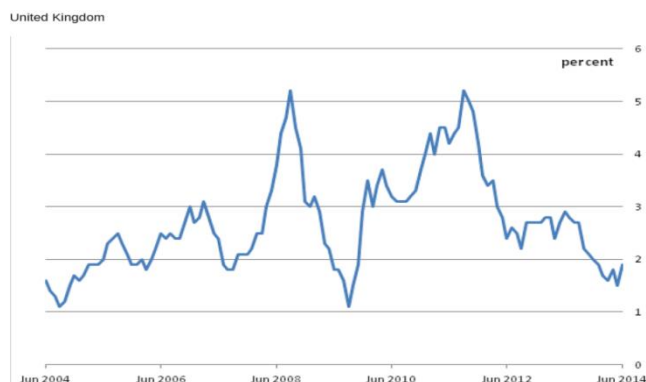
## Retail grocery Market



Grocery market growth fell to 0.9% in the 12 weeks ending 20 July 2014; this was the slowest growth in the 10 years, said analyst Kantar Worldpanel. Grocery price inflation for the same period was 0.4%. Its latest set of grocery market figures shows the trend of rapid discounter growth continuing with Aldi's 32% growth rate meaning their market share is now at 4.8%, setting a new record for the discounter. The rise also resulted in Aldi nearly catching up with Waitrose on 4.9%. Competitive pricing among the big grocers and deflation in the price of staple items such as vegetables, milk and bread had driven inflation to the lowest level since October 2006, said Kantar. Sales at Lidl have also increased by almost 20% and it has held onto its record share of 3.6%. Waitrose has continued to resist pressure from the competition, testament to its policy of maximum differentiation, and has grown sales by 3.4%. This figure is well above the market average and thereby has lifted its market share. Among the big four grocers, both Asda and Sainsbury's have held onto their market shares of 17.0% and 16.6% respectively. In contrast, Tesco and Morrisons have recorded losses with sales for both supermarkets falling by 3.8% compared with a year ago, to give them 28.9% and 11% shares of the grocery market respectively.

## Inflation

CPI 12-month inflation rate



**Consumer Prices Index (CPI)** annual inflation, the Government's target measure rose sharply in June to 1.9%, compared with 1.5% in May, according to the Office for National Statistics. Inflation is now rising at its fastest rate since January. The rate is now close to the Bank of England's 2% target. It has remained below the target for seven consecutive months. Year on year food prices have remained unchanged with an annual rate of inflation of 0.0 % in the year to June 2014. This follows the year on year price fall last month, with -0.6% inflation in the year to May.

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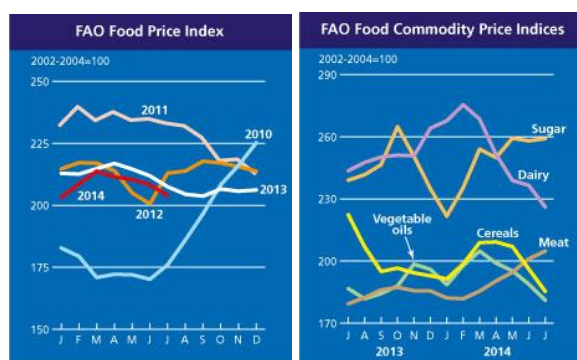


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	Percentage change over 1 month		Percentage change over 12 months								
	2013 Jun	2014 Jun	2013 Oct	2013 Nov	2013 Dec	2014 Jan	2014 Feb	2014 Mar	2014 Apr	2014 May	2014 Jun
<b>CPI (overall index)</b>	-0.2	0.2	2.2	2.1	2.0	1.9	1.7	1.6	1.8	1.5	1.9
<b>01.1 Food</b>	-0.5	-	4.3	3.0	2.1	2.1	1.8	1.9	0.5	-0.6	-
01.1.1 Bread and cereals	-0.4	1.2	3.9	2.2	3.3	1.0	2.2	1.0	0.6	-1.2	0.4
01.1.2 Meat	0.7	0.1	5.2	4.1	2.5	2.6	2.3	3.2	2.5	1.3	0.6
01.1.3 Fish	0.3	-1.8	4.9	7.1	5.2	3.2	6.1	5.4	2.6	4.2	2.0
01.1.4 Milk, cheese and eggs	-0.4	-	1.5	1.9	1.8	2.3	3.1	2.1	0.8	0.4	0.8
01.1.5 Oils and fats	1.0	1.2	3.2	4.6	0.9	1.9	-0.4	4.1	-0.5	1.0	1.2
01.1.6 Fruit	-1.9	-1.8	10.2	4.2	-0.1	2.4	-1.5	1.2	0.7	-0.4	-0.3
01.1.7 Vegetables including potatoes and tubers	-1.7	0.7	5.3	3.1	2.3	1.4	-0.7	-2.0	-5.2	-7.1	-4.8
01.1.8 Sugar, jam, syrups, chocolate and confectionery	-1.9	-	0.9	0.1	0.1	2.0	3.5	4.0	1.3	0.9	2.9
01.1.9 Food products (nec)	2.1	-1.6	3.1	3.8	2.9	4.1	2.7	3.1	3.6	3.1	-0.6

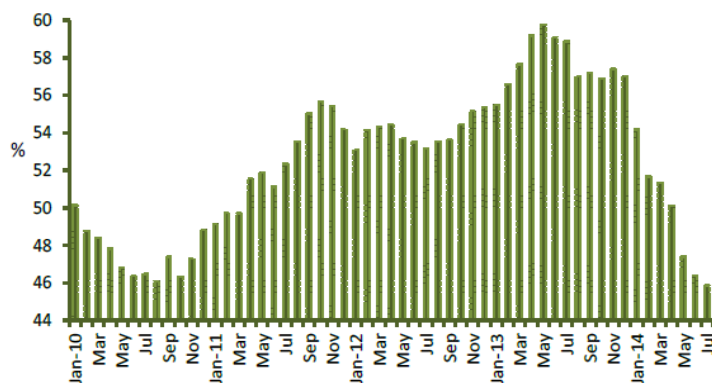
The NFU have committed to communicate a range of [Key Labour Market Indicators](#) following the abolition of the Agricultural Wages Board (AWB). The **CPI** along with the other indicators was used regularly by the Agricultural Wages Board (AWB) in determining annual pay increases in the minimum rates of pay for agricultural workers, prior to the abolition of the AWB. NFU post AWB guidance is available [here](#).



The **FAO food price index (FFPI)**, which is a measure of the monthly change in international prices of a basket of food commodities (meat, cereals, oils and fats, dairy and sugar) fell to a six-month low in July; While meat prices rose for the fifth consecutive month and sugar remained firm, sharp declines in grains, oilseeds and dairy quotations pushed down the FAO Food Price Index to its lowest level since January 2014. The Index averaged 203.9 points in July 2014, down 4.4 points (2.1%) from the value in June and 3.5 points (1.7%) below July 2013.

## Gap between farmgate beef and retail price widens

### Producer share of final retail price, Jan 2010-Jul 2014



Source: AHDB/EBLEX

With farmgate beef prices edging down a fraction month on month and retail prices slightly higher, the producer share of the retail price fell one percentage point during July, to 46%. The latest figure means that the producer share of the final retail price is still eight percentage points lower than it was in January and 13 points back on its position in July last year.

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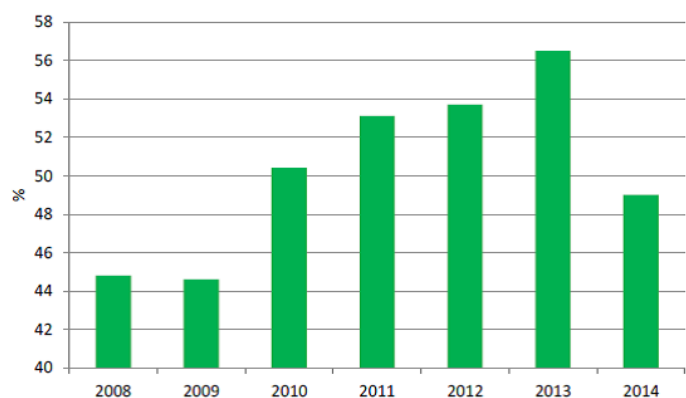


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## Farmer share of retail lamb price falls

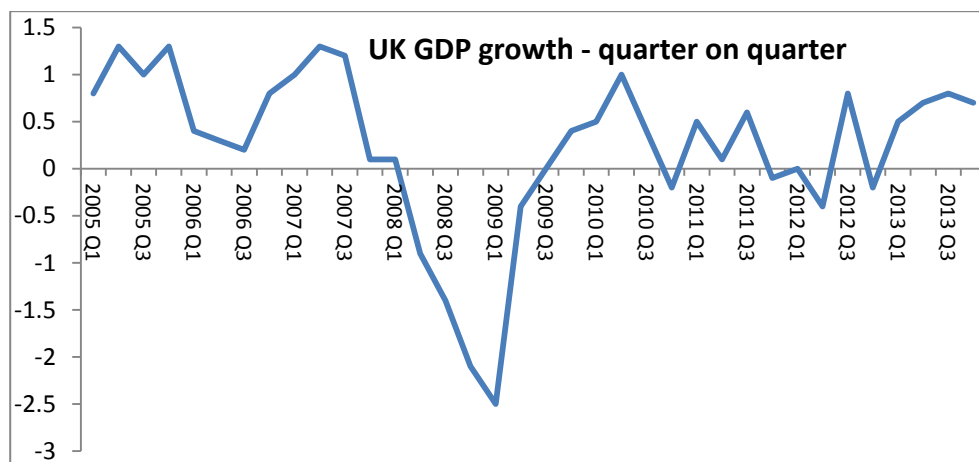
### Producer share of GB retail price



Source: AHDB/EBLEX

With farmgate lamb prices undergoing the usual seasonal fall and retail prices static, the share of the final retail price received by the producer fell sharply during July. At 49% the producer share fell from the 60% received during June. While this fall is part of the usual pattern, the current July share is well below the level recorded for the same month in recent years.

## Economic Indicators



UK economy grew by 0.8% in second quarter of 2014. The figures from the Office for National Statistics (ONS) show the economy is now 0.2% ahead of its pre-crisis peak, which was reached in the first quarter of 2008. From peak to trough, which was in 2009, the economy shrank by 7.2%. The economy has grown by 3.1% since the second quarter of last year. It is worth noting that the UK's dominant services sector which accounts for almost 80% of GDP has expanded past its previous 2008 peak, dragging GDP above the previous peak as a result. But everything else - construction, industrial production and manufacturing remains well below the 2008 peak.

The jobless rate fell to 6.5% of the workforce, while the number of people in work edged higher to a record 30.6 million. The proportion of those aged 16 to 64 in work reached 73.1% in the three months to May, a rate only equalled before in 2004-5 and in 1974.

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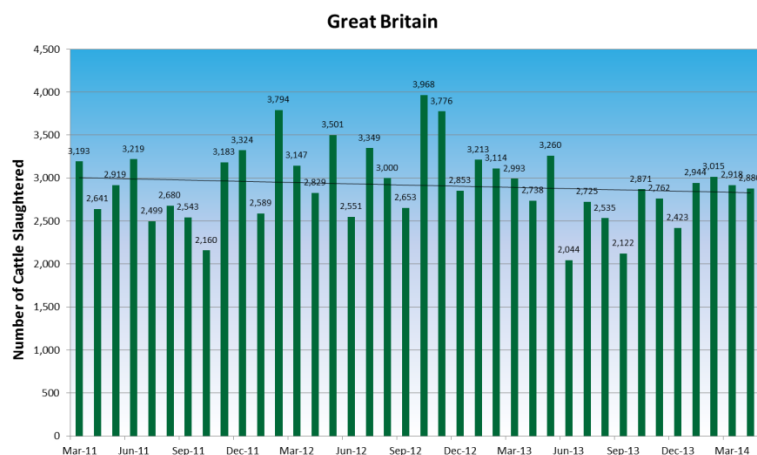


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Shop prices in June fell at the fastest annual rate since at least 2006 as retailers fought to attract customers, the British Retail Consortium (BRC) has said. Prices were 1.8% lower in June compared with a year earlier. It is the biggest annual fall in prices since the BRC's survey began in December 2006 and the 14th month in a row that prices have decreased. Prices for non-food items were 3.4% lower in June compared with a year ago, while the rise in the cost of food slowed to 0.6% - its lowest pace since the series began.

## TB Statistics



The latest Defra data show that 1,750 new herd incidents were recorded in GB during January-April 2014, compared to 1,796 during the same period in 2013. The number of cattle slaughtered in January-April 2014 was 11,757, compared to 12,058 during the same period 2013, a decrease of 2.5%. More information is available at

<http://www.tbfreeengland.co.uk/home/>

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