

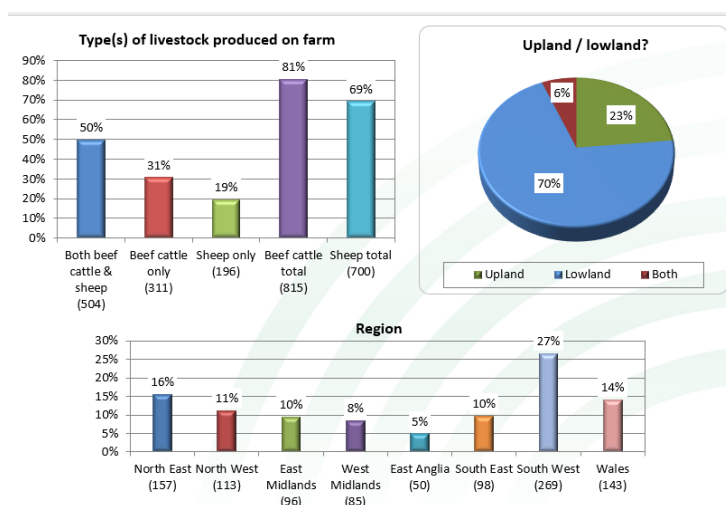
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Livestock Intentions Survey

In September, over a four-week period the NFU livestock team surveyed beef and sheep members on their production intentions for the next 12 months, compared to the previous 12 months. We received 1011 responses into total, 815 beef producers and 700 sheep producers responded (some respondents had both enterprises). These numbers suggest a robust and statistically sound survey.

Responses were received from all regions of England and Wales and covered a range of beef and sheep production systems.

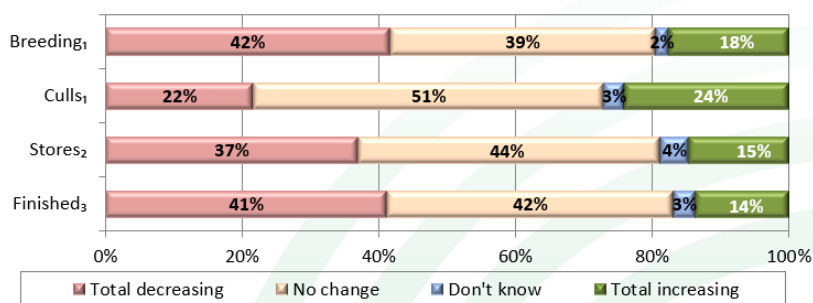


We asked a wide range of questions in addition to intentions to increase or decrease herd and flock size. These included questions relating to purchasing intentions for animal feed and fertiliser, forage quality and availability.

We also asked about intentions and barriers to investment in capital infrastructure and productivity measures, along with intentions to consider renewable energy projects.

Headline results – Beef

1. How do you expect cattle numbers to change over the next 12 months compared to the last 12 months?



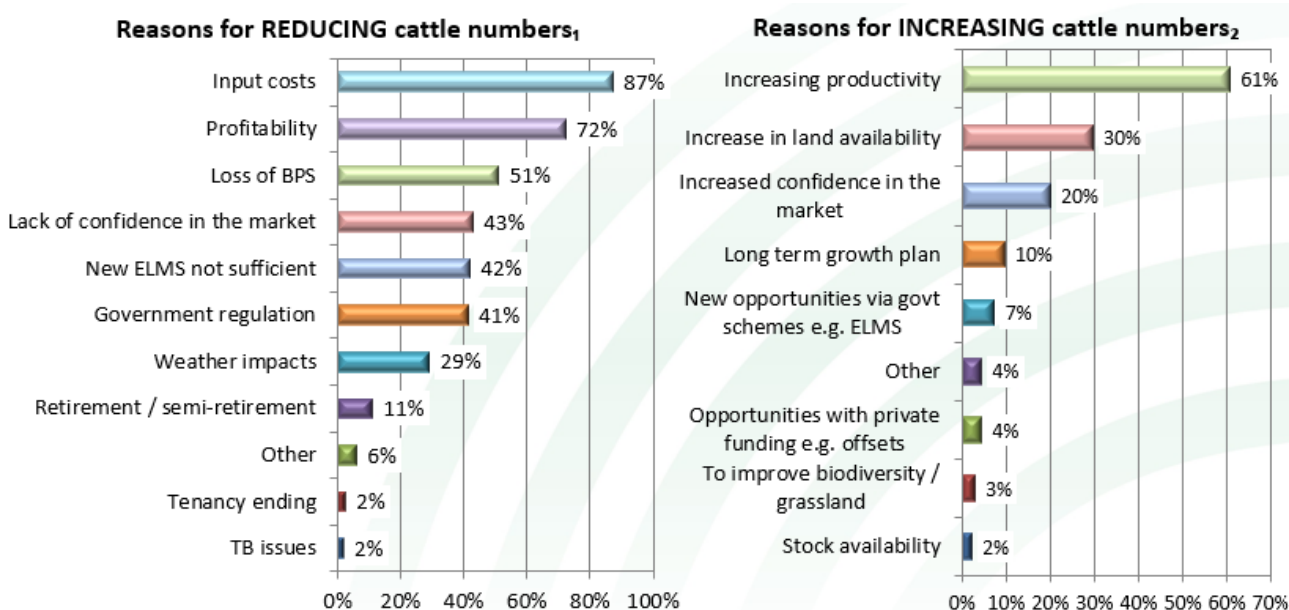
Overall, 40% of cattle keepers suggested they would be reducing numbers in the next 12 months, 37% said numbers would remain the same whilst 17% said they intended to increase numbers and 7% did not know. 42% suckler producers and 41% of beef finishers suggested they would reduce livestock numbers.

Estimated mean percentage change was derived by using mid-point analysis – therefore there was a 9.6% intention for reduction in breeding herd and 9.2% for fattening. The percentage of those farmers intending to increase herd size by small percentages 1% to 10% was significantly larger compared to those intending to increase herd size by more than 21% to 50%.

2. Why do you intend to reduce / increase overall cattle stock numbers over the next 12 months?

The reasons given to reduce beef numbers were largely predictable with 87% citing input costs as the main reason. Followed by 72% profitability concerns, 51% loss of BPS, 43% lack of confidence in the market, 42% new ELMS offer not sufficient or clear, 41% Government regulation, 29% weather impacts (summer 2022 drought).

For upland farmers input costs ranked higher at 90%, followed by 73% profitability concerns, 61% loss of BPS, 52% new ELMS offer not sufficient or clear and 42% Government regulation. This reflects the productivity challenges and a greater reliance on support schemes for those farming in upland areas.



Conversely those looking to increase beef numbers suggested 61% due to improved profitability, 30% increased land availability, 20% increased confidence in the market and 10% had a long-term growth plan for their business.

3. Compared to your 5-year average, how will the number of days to finish cattle to change in the next 12 months?

48% of producers said that days to finish would stay broadly the same. However, 30% of producers said that days to finish would increase. This could be linked to poorer grazing conditions (drought and reduced fertiliser use) along with high feed and forage costs. 15% of producers suggested they would be looking to reduce the days to slaughter to improve productivity.

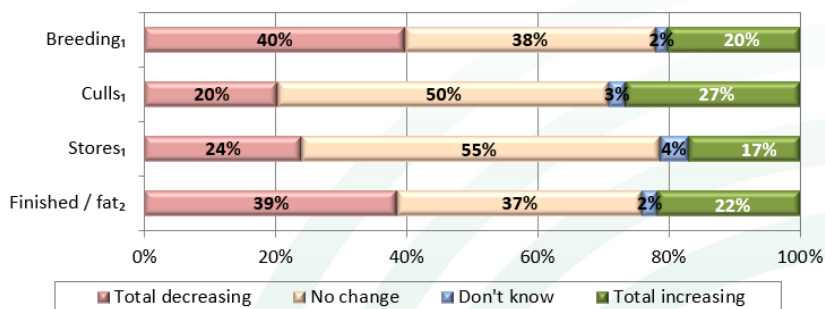
4. Compared to your 5-year average, how will cattle weights change in the next 12 months?

60% of producers said that carcass weights would remain broadly the same, with 24% predicting carcass weights to be lower. Just 7% of producers suggested carcass weights would increase. Market signals are driving producers to reduce weights below 400kgs because of processing efficiency and customer requirements on cut and pack size. Finishing cattle at optimum weights also makes commercial sense when feed costs are high.

Headline results – Sheep

5. How do you expect sheep numbers to change over the next 12 months compared to the last 12 months?

Overall, 36% of sheep keepers suggested they would be reducing numbers in the next 12 months, 41% said numbers would remain the same whilst 17% said they intended to increase numbers and 6% did not know. 40% of producers with breeding ewes and 39% with finishing lambs said they intended to reduce numbers.

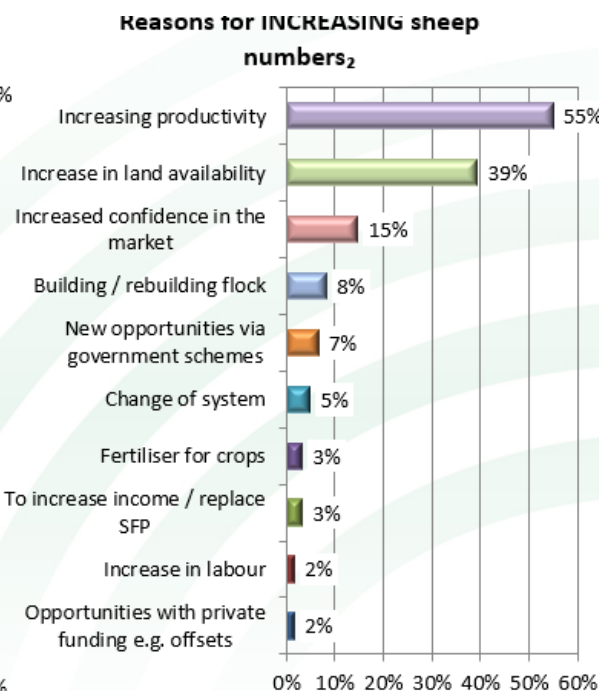
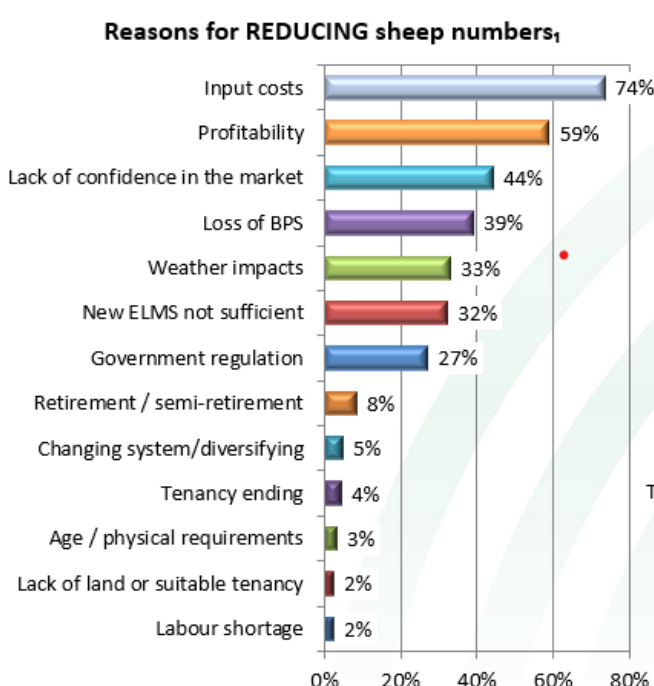


Estimated mean percentage change was derived by using mid-point analysis – therefore this survey suggests after several years of the national flock increasing, producers intend to reduce breeding flock numbers by 6% and a 5.9% reduction in finishing numbers.

6. Why do you intend to reduce / increase overall sheep stock numbers over the next 12 months?

The reasons given to reduce sheep numbers was broadly predictable with 76% citing input costs as the main reason. Followed by 59% profitability concerns, 39% loss of BPS, 44% lack of confidence in the market, 32% new ELMS offer not sufficient or clear, 27% Government regulation, 33% weather impacts.

For upland sheep farmers the input costs ranked higher at 90%, followed by 63% profitability concerns, 53% loss of BPS, 46% lack of confidence in the market, 45% new ELMS offer not sufficient or clear, 29% weather impacts and 28% Government regulation. This reflects the productivity challenges and greater reliance on support policy for those farming in upland areas.



Conversely those looking to increase sheep numbers suggested 55% improved profitability, 39% increased land availability, 15% increased confidence in the market and 8% had a long-term growth plan for their business.

7. Compared to your 5-year average, how will the number of days to finish sheep to change in the next 12 months?

52% of sheep producers said that days to finish would stay broadly the same. However, 31% of producers said that days to finish would increase. This could be linked to poorer grazing conditions (drought and lower fertiliser use), high feed and forage costs. 8% of producers suggested they would be looking to reduce the days to finish in line with productivity ambitions.

8. Compared to your 5-year average, how will sheep weights change in the next 12 months?

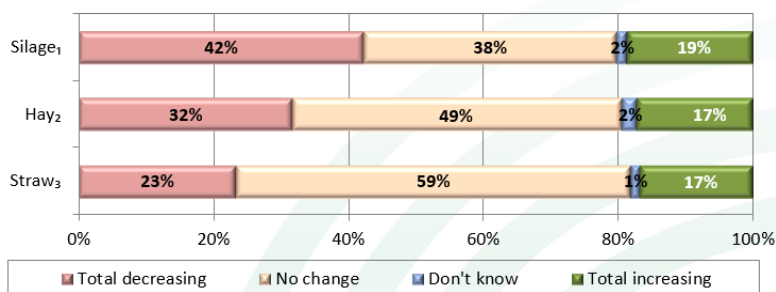
65% of sheep producers said that carcass weights would remain broadly the same with 16% predicting carcass weights to be lower. Just 9% suggesting carcass weights would increase and 10% did not know. Market signals remain consistent which seek to meet a 17.5 to 21.5kg carcase with many processors encouraging producers to hit weights of 18.0 to 19.5kg dwt.

Cross Sector Questions

9. Percentage of farmers that made forage in the last year & quality of forage in 2022 compared to 2021

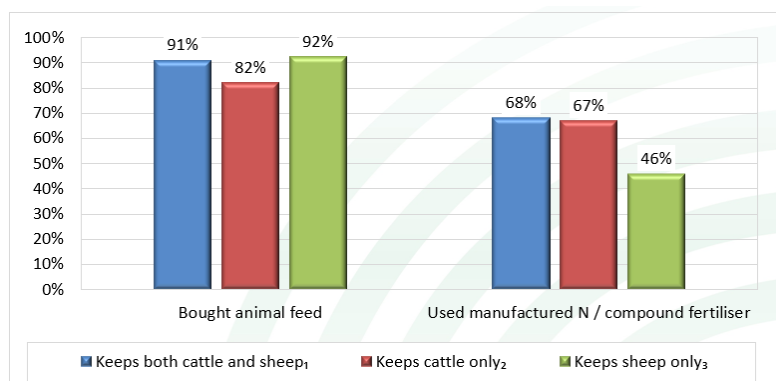
88% of beef and sheep farmers made forage in 2022. 33% said the quality of conserved forage was better than usual, 17% worse than usual and 44% said the quality was about the same, 5% didn't know. 78% of beef and sheep farmers made some hay and 62% of beef farmers made straw.

10. How will the amount of forage you will make change over the next year, compared to the last 12 months?



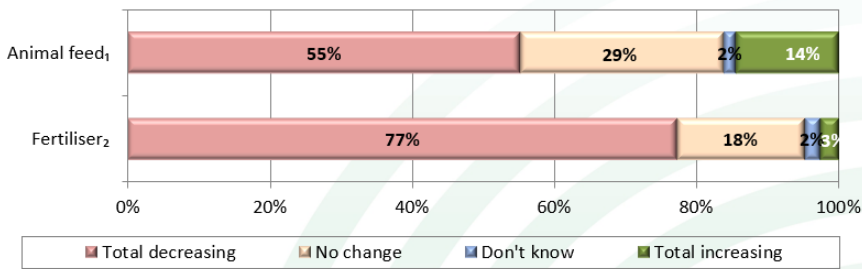
42% of beef and sheep farmers said they had made less silage in 2022 compared to the previous 12 months, 38% made about the same and 19% had made more compared to the previous 12 months. Hay volumes were similar with 32% making less, 49% no change and 17% producing more. Indications of reducing output could be due to reduced fertiliser applications and poor growing conditions in 2022.

11. Percentage of farmers that bought animal feed and / or used manufactured N or compound fertiliser in the last year



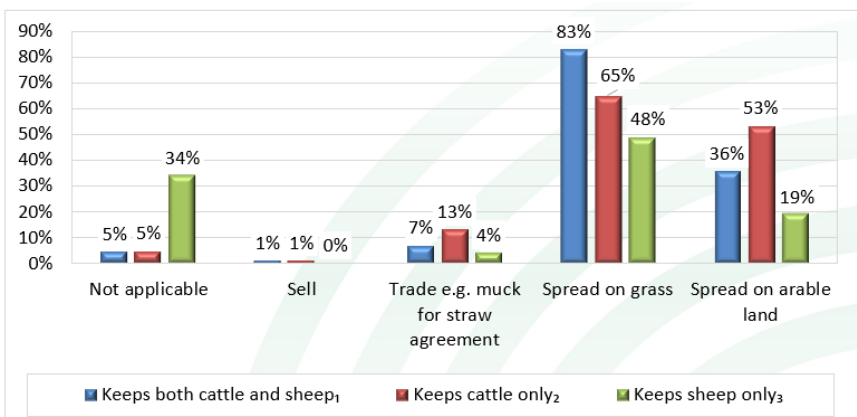
91% of beef and sheep farmers purchased feed in the last 12 months and 62% of beef and sheep farmers purchased manufactured fertiliser in the last 12 months.

12. How will the amount of animal feed you will buy and the amount of manufactured fertiliser you will use change over the next year, compared to the last year?



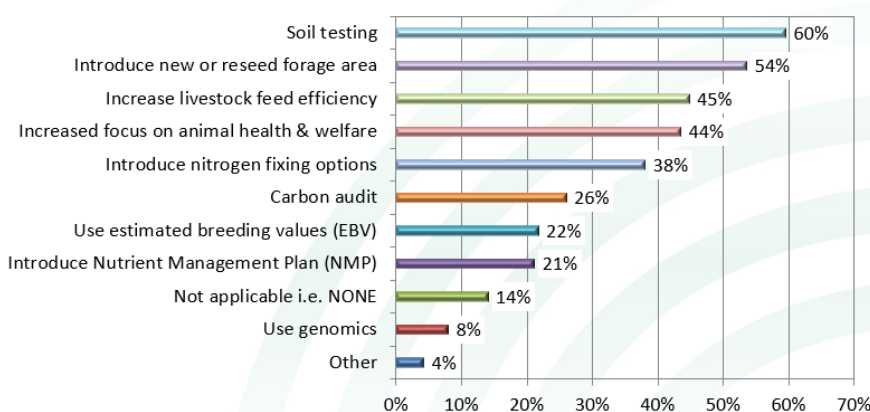
55% of beef and sheep farmers said they would be buying less feed in the next 12 months. 29% intend on buying the same quantity and 14% intended to buy more feed. 77% of beef and sheep farmers indicated that they would buy less fertiliser compared to 18% buying the same and just 3% applying more fertiliser next year.

13. How do you intend to use FYM and slurries over the next 12 months?



83% of beef and sheep farmers spread FYM direct onto grassland and 36% onto arable land. Just 13% of beef producers had a muck for straw arrangement. Spreading arrangements varied across different regions with a greater percentage of FYM spread onto grassland in the NE, NW and SW and a higher percentage spread on arable land in EA and EM.

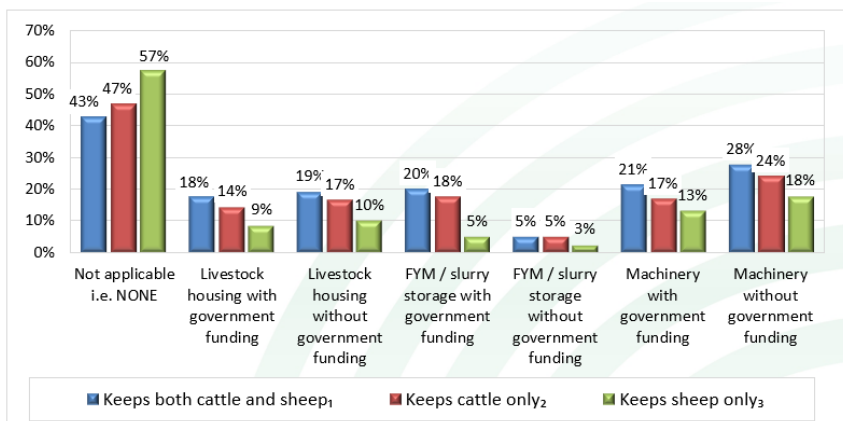
14. Will you make any productivity or efficiency decisions over the next 3 years?



We asked a range of questions on ways that beef and sheep farmers would consider improving productivity. Responses indicated 60% would use soil testing, 54% improving and reseeding forage area, 45% improved feed efficiency, 44% focus on AH&W, 38% nitrogen fixing forage, 26% carbon audit, 22% improving genetics and 21% nutrient management planning. Just 14% had not planned any productivity decisions.

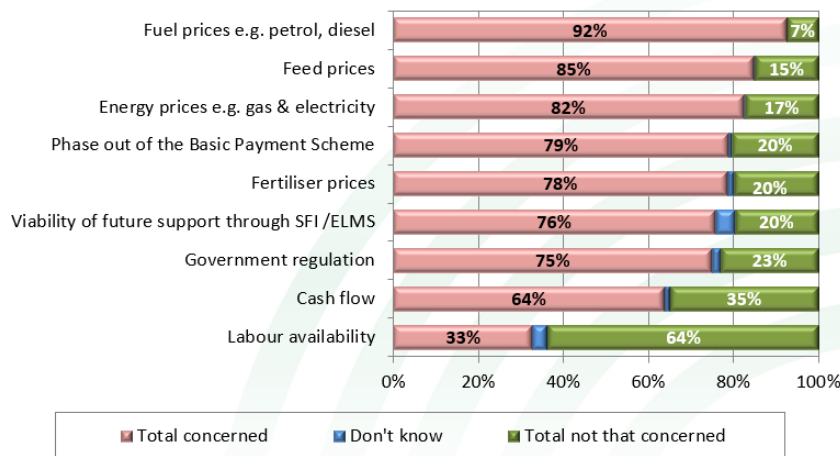
➤ 86% intend to make **one or more** productivity / efficiency decisions

15. Capital investment(s) over the next 3 years



43% of beef and sheep farmers did not plan to make any investments in the next 3 years likely due to uncertainty in the market and high input costs. 18% were looking to invest in housing, this didn't increase significantly with Government funding due to the lack of options available. 20% would consider investing in slurry and FYM storage with Government funding compared to 5% without funding.

16. Factors of concern over the next 2 years

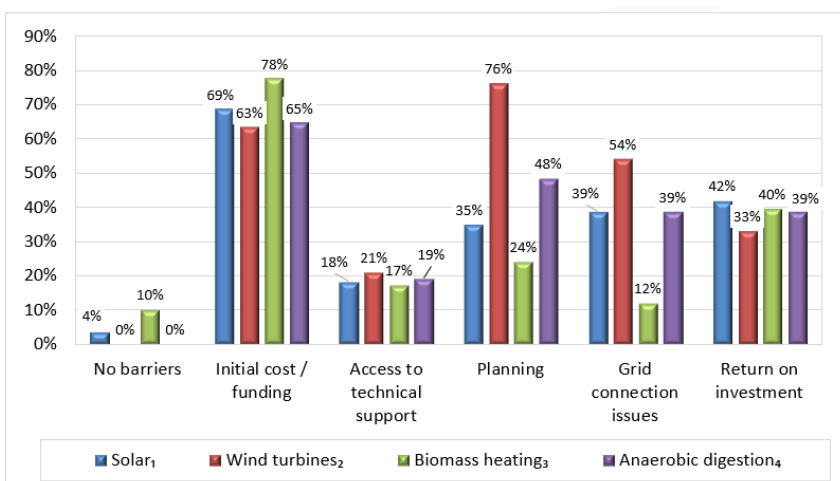


Main concern for business viability over the next 2 years centred on farm inputs with 92% concerned about fuel prices, 85% feed, 82% gas and electricity, 79% phase out of BPS, 78% fertiliser, 76% future support delivered through ELMS/SFI, 75% Government regulation, 64% cash flow and 33% labour availability.

17. Due to energy crisis are you considering investing in renewables in the next 2 years?

49% of beef and sheep farmers had an interest in renewable energy generation even though the sector is a lower energy user compared to the other livestock sectors. Greatest interest was in solar at 46%, followed by 11% wind, 6% biomass and 3% anaerobic digestion.

18. Barrier(s) to considering investing in renewables



69% said that the main barrier to investing in solar was the initial capital outlay, 42% return on the investment, 39% grid connection, 35% planning and 18% access to technical advice. Planning issues for wind turbine schemes at 76% was the most significant issue.

Summary

Factors influencing confidence and output for the red meat sectors can be linked to the significant increase in the key farm inputs of feed, fuel and fertiliser. We know that fertiliser use on many grassland farms has reduced significantly in 2022 due to the high price of ammonia nitrate fertiliser. The sector and individual businesses need to consider the cumulative impact of reduced fertiliser applications on forage yields. There are ways to mitigate the impact of reduced fertiliser applications, such as timely applications of FYM and where appropriate management changes such as adopting rotational grazing, reseeding and mixed swards and implementing breeding policies to ensure the most feed efficient animals.

The survey also suggested that days to slaughter for both beef and lamb would increase, which could indicate reduced purchased feed and forage availability is impacting on finishing times and carcass weights as farmers seek to cut input costs. Improving productivity and resource use efficiency is a key aspiration for the livestock sector as we aim to meet our Net Zero ambitions. However, the current high input costs are having a measurable impact on the sector as farmers look to manage farm inputs and is reducing investment intentions in farm infrastructure and technology.

Many livestock producers recognise that with grocery inflation and the significant increase in the cost of living, many households are feeling financially squeezed resulting in lower demand for proteins like beef and lamb. Current estimates suggest the value of the beef category has declined by 6.6% and the lamb category by 14.7% in the year to September 2022. Confidence in the post-Christmas market remains a concern as consumers continue to adopt recessionary buying by switching to cheaper proteins and from fresh to frozen products where country of origin becomes less important to the consumer.

This intentions survey and the additional commentary received has highlighted that many livestock farmers are deeply concerned about the phased reduction in BPS support and remain unclear on the offer provided by the new Environmental Land Management scheme.