

23 September 2025

AHDB milk forecasting forum

AHDB Market Intelligence

<https://ahdb.org.uk/dairy-markets>



Housekeeping

- This is intended to be a discussion so please do speak up
- We would like to get a pan-industry view and are keep to hear from both farmer representatives AND processors for a balanced analysis
- But please mute your microphones when you are not speaking
- We will aim to have a discussion at the end of each key topic

Contents

- Key topics:
 - Herd size - calf numbers and calving patterns
 - Feed market update
 - Costs
 - Yields
 - Compositional quality
- Milk forecast
- Cost of Production

What did we predict last time?

GB milk production forecast - March 2025

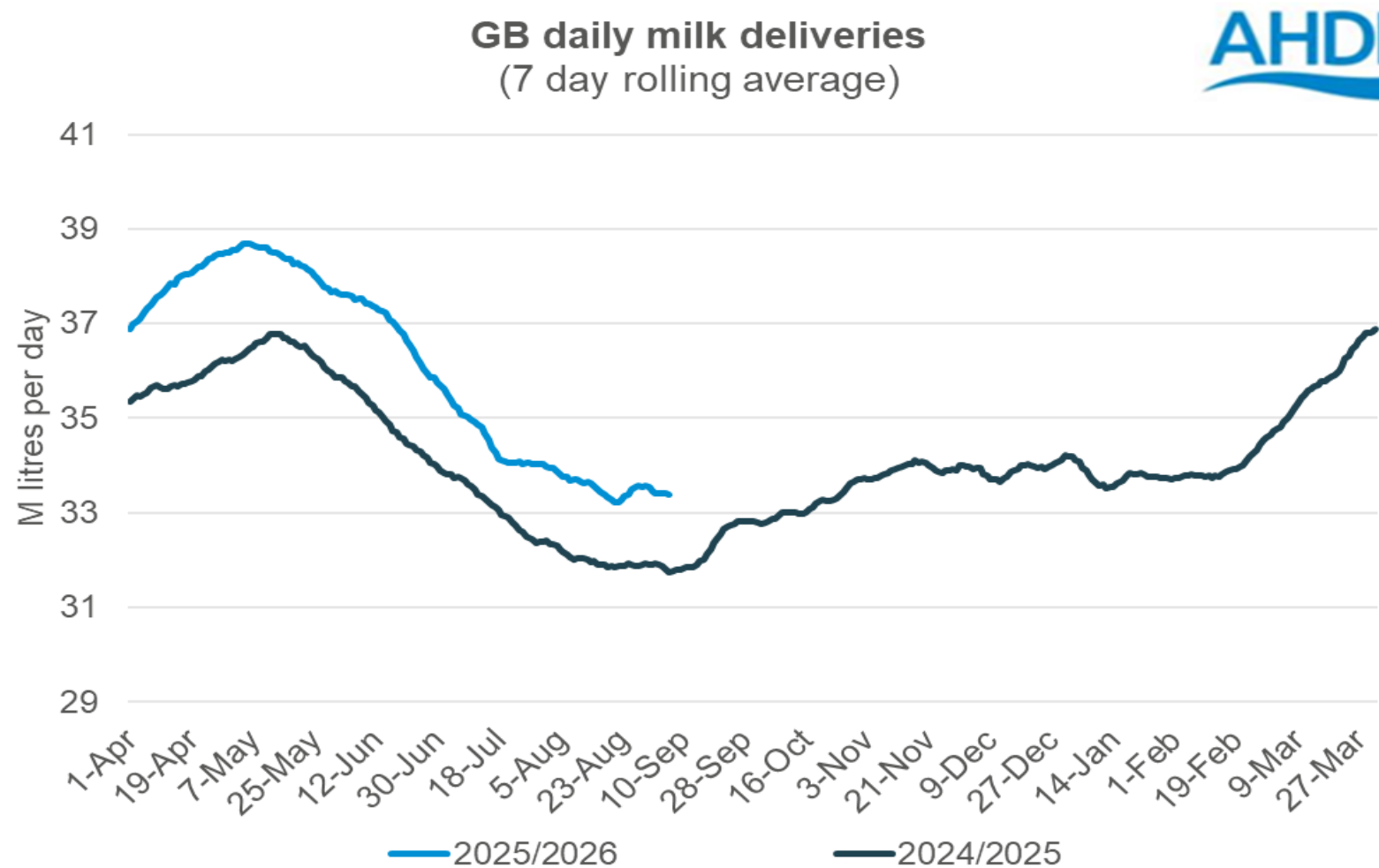
m litres	2023/24	2024/25	2024/25	2024/25	2025/26	2025/26
	Actuals	Actuals	Forecast	Yr-on-yr	Forecast	Yr-on-yr
Apr	1,097	1,076		-2.0%	1,105	2.7%
May	1,141	1,128		-1.1%	1,155	2.4%
Jun	1,045	1,042		-0.2%	1,065	2.2%
Jul	1,027	1,023		-0.4%	1,040	1.6%
Aug	996	991		-0.5%	1,005	1.4%
Sep	962	969		0.7%	980	1.1%
Oct	1,003	1,030		2.7%	1,040	1.0%
Nov	975	1,018		4.4%	1,025	0.7%
Dec	1,020	1,052		3.1%	1,055	0.3%
Jan	1,024	1,047		2.2%	1,050	0.3%
Feb	941	956		1.6%	960	0.4%
Mar	1,085		1,110	2.3%	1,115	0.5%
Year	12,317		12,443	1.0%	12,595	1.2%

Source: AHDB

Notes: A 28-day equivalent is used for Feb-24. Forecast numbers are in bold.

- At the last MFF we predicted an ‘increasing’ of milk volumes.
- The discussion highlighted factors supporting including:
 - MFPR almost at 20-year high
 - Positive milk price announcements
 - Farmer sentiment bullish due to good margins
 - Slow down in inflation of key input costs
 - Processors in the room had a more positive outlook
- In reality, market was quite positive, with milk volumes recording new highs and forecast was amended in June to 3.1% growth

Milk supplies remain plentiful, recording new highs



GB deliveries

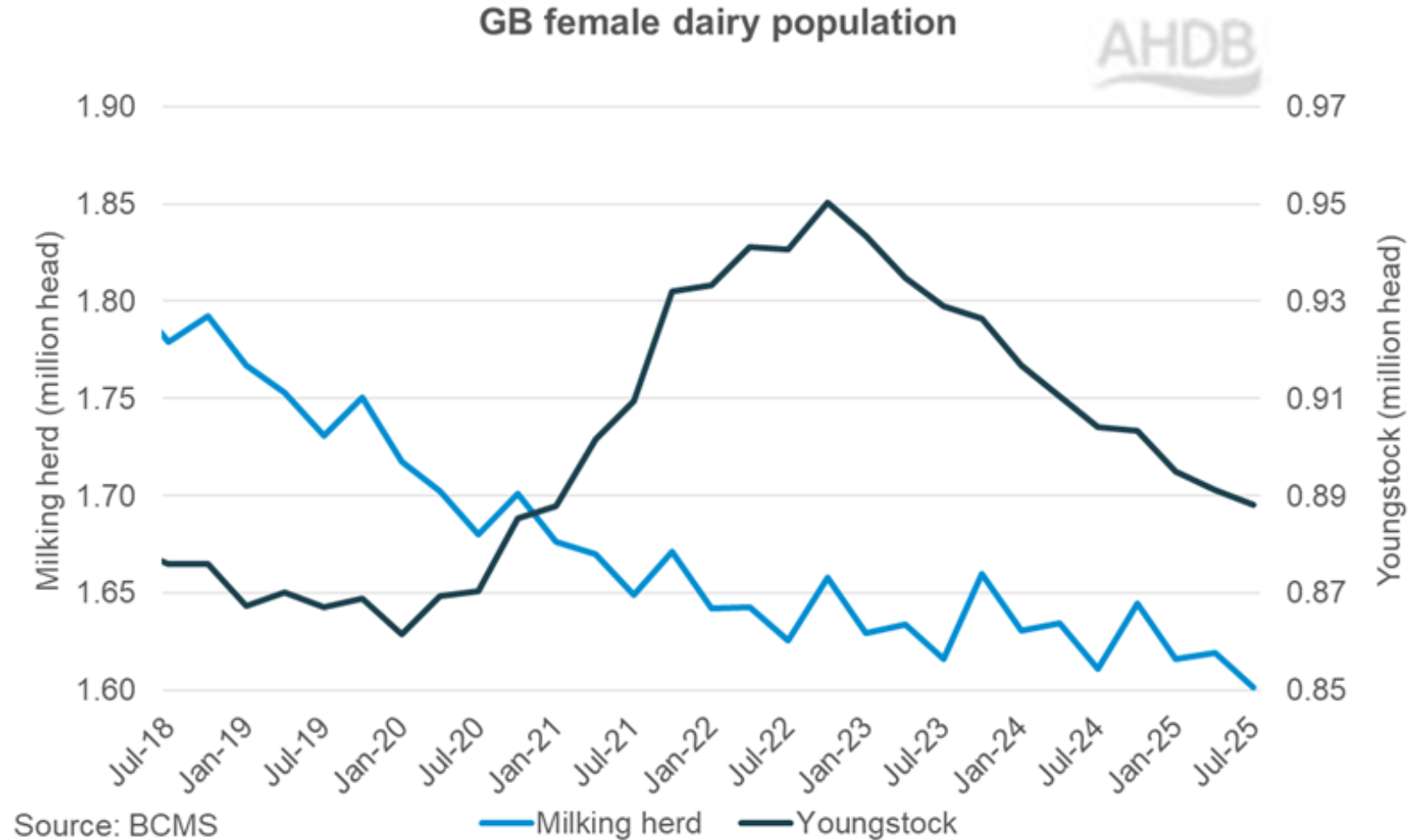
Apr	+6.0%
May	+5.1%
June	+5.8%
July	+4.3%
Aug	+4.9%
Apr (to date)	+5.2%

Source: AHDB

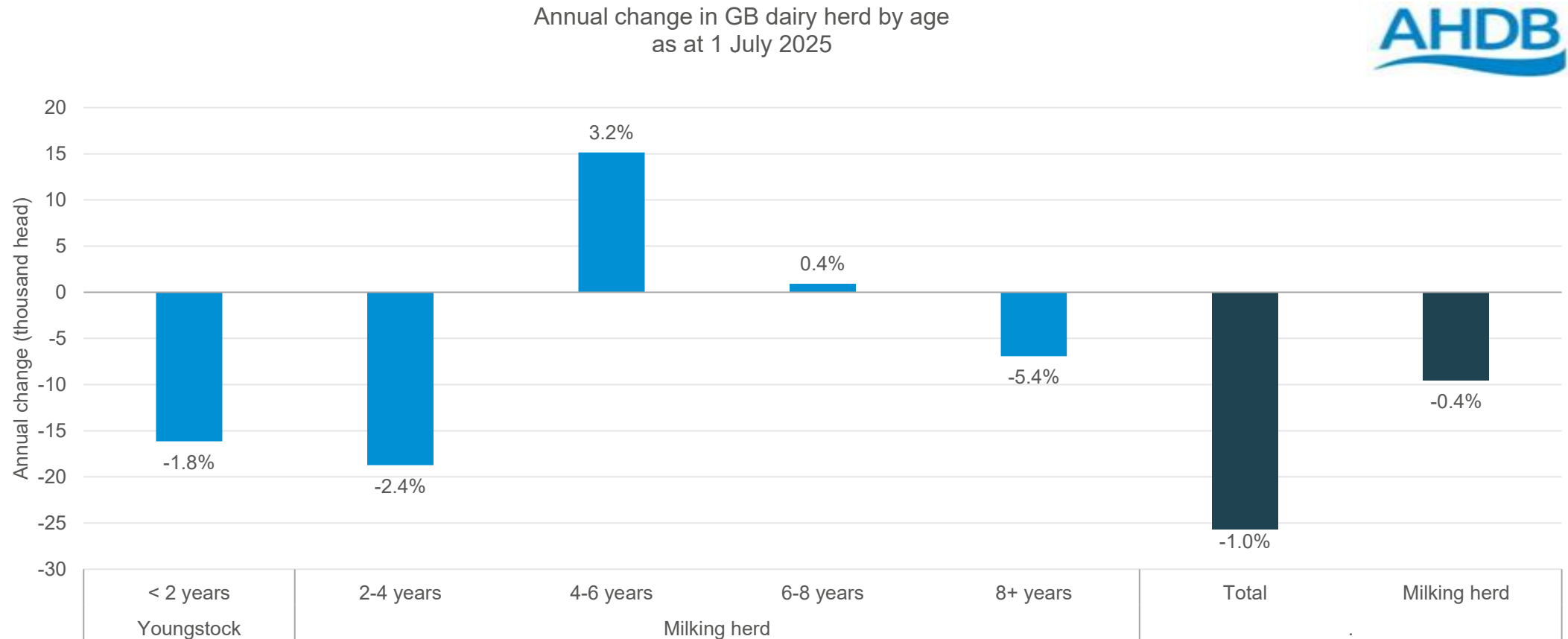
Herd size and calvings

Population of the female dairy herd

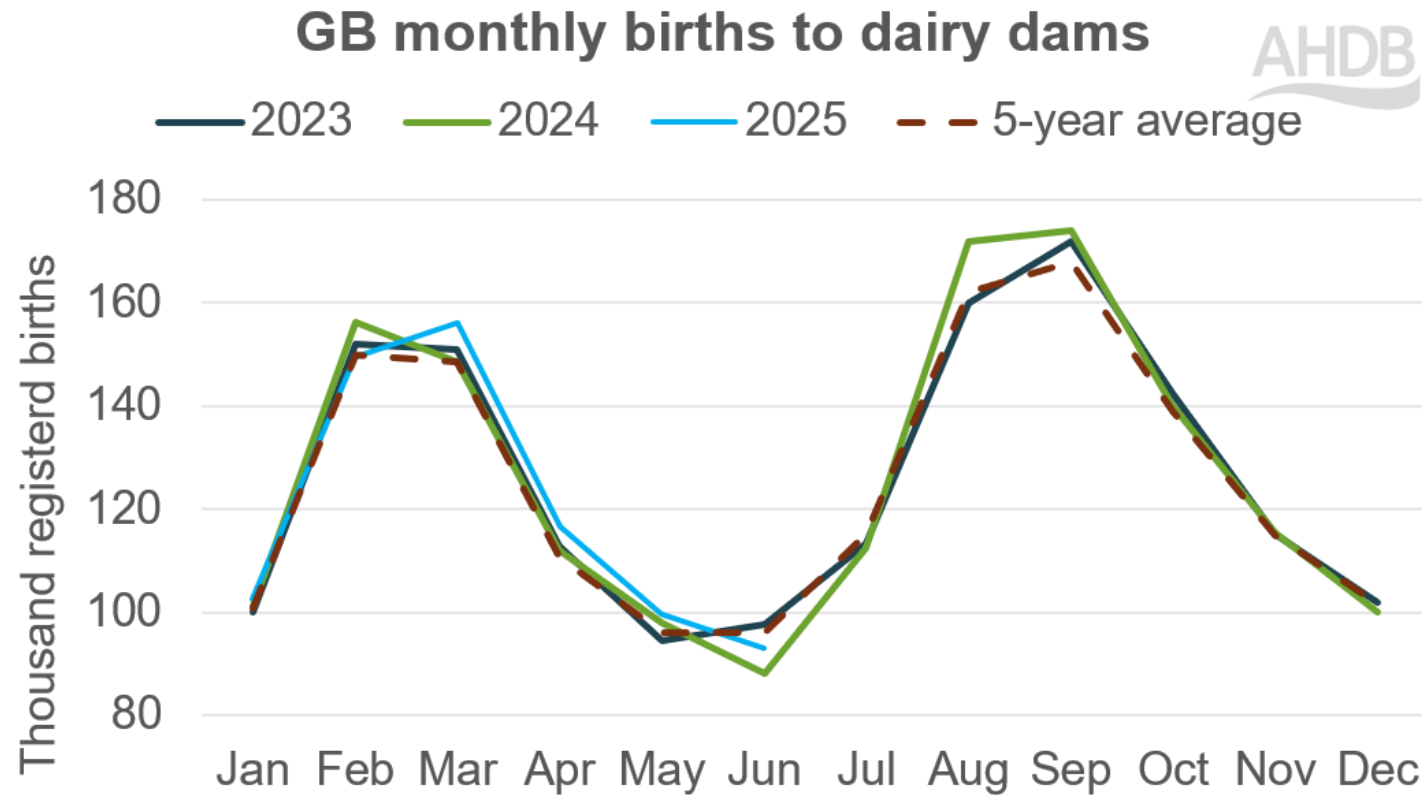
- BCMS numbers show herd size as of Jul 25 had fallen to 1.6mn head
 - -0.6% decline year-on-year
- Heifers aged 2-4 years old recorded the largest decline followed by those under 2 years
- An increase of the 4-6 years category, eased some of the decline



Age structure of the herd



Births to dairy dams increase in Q2 2025

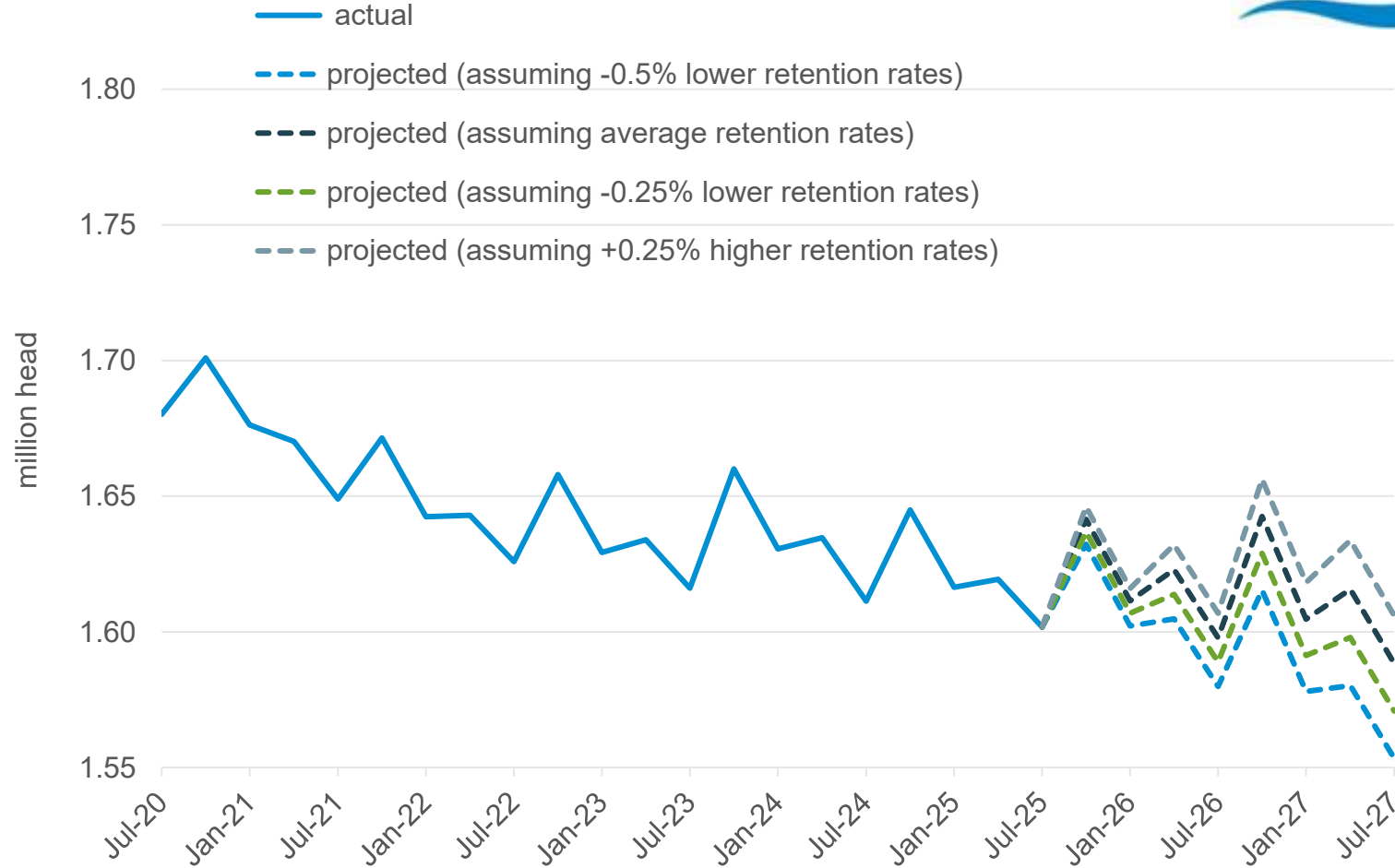


Source: BCMS

- Births to dairy dams in Q2 2025 increased YOY by 3.6%
- The total 309,000 head is highest number recorded for this period since 2019.
- Over the past 12 months (July 24-June 25), registrations out of the dairy herd were up 1.5%, year on year

Herd size expectation

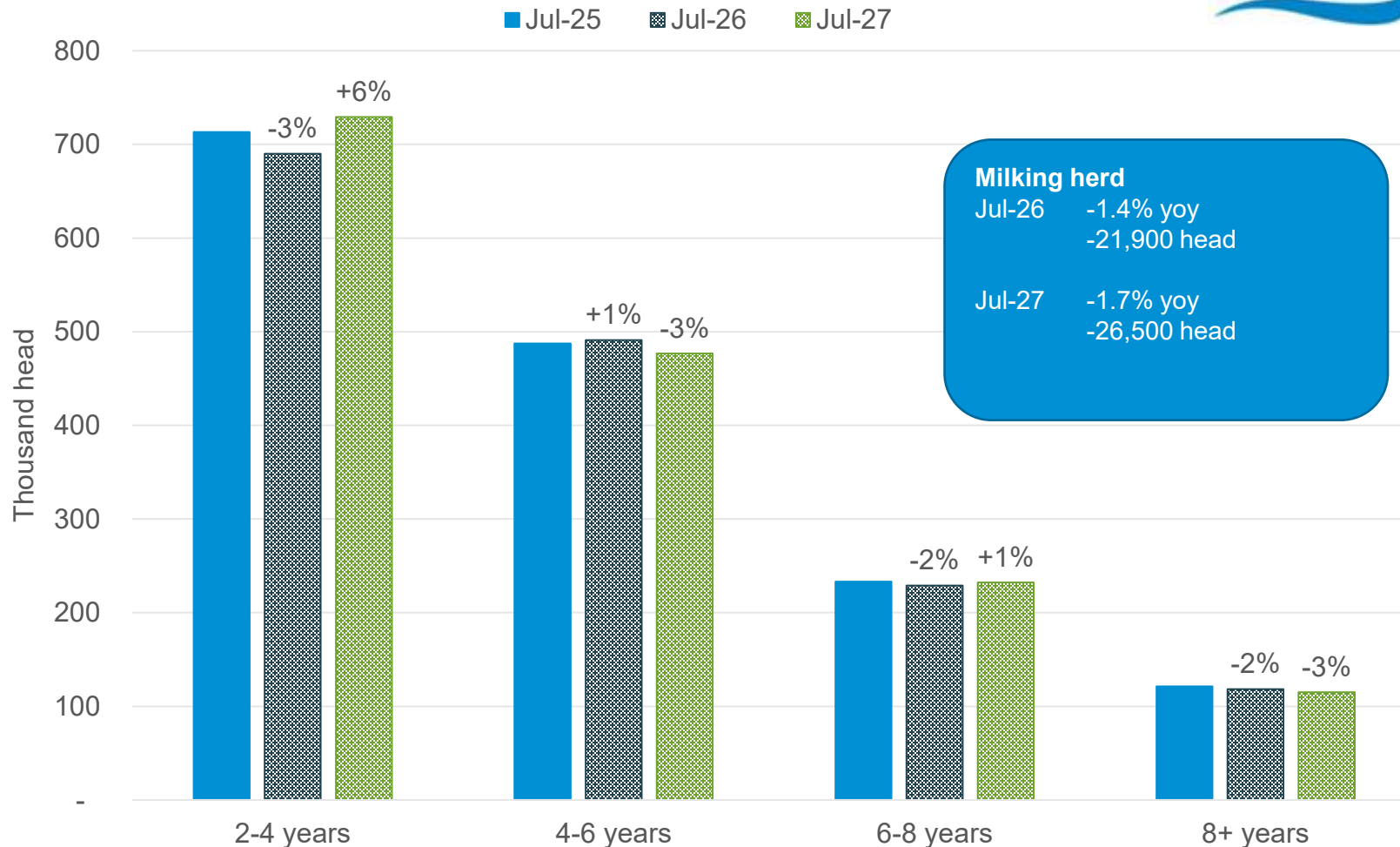
GB dairy herd (2 years and over)



- Based on predicted herd numbers on current BCMS figures and 3 - year average retention rates
- Herd size will stabilise if retention rates return to average or above
- Herd size will decrease if retention rates run 0.25% and 0.5% below average

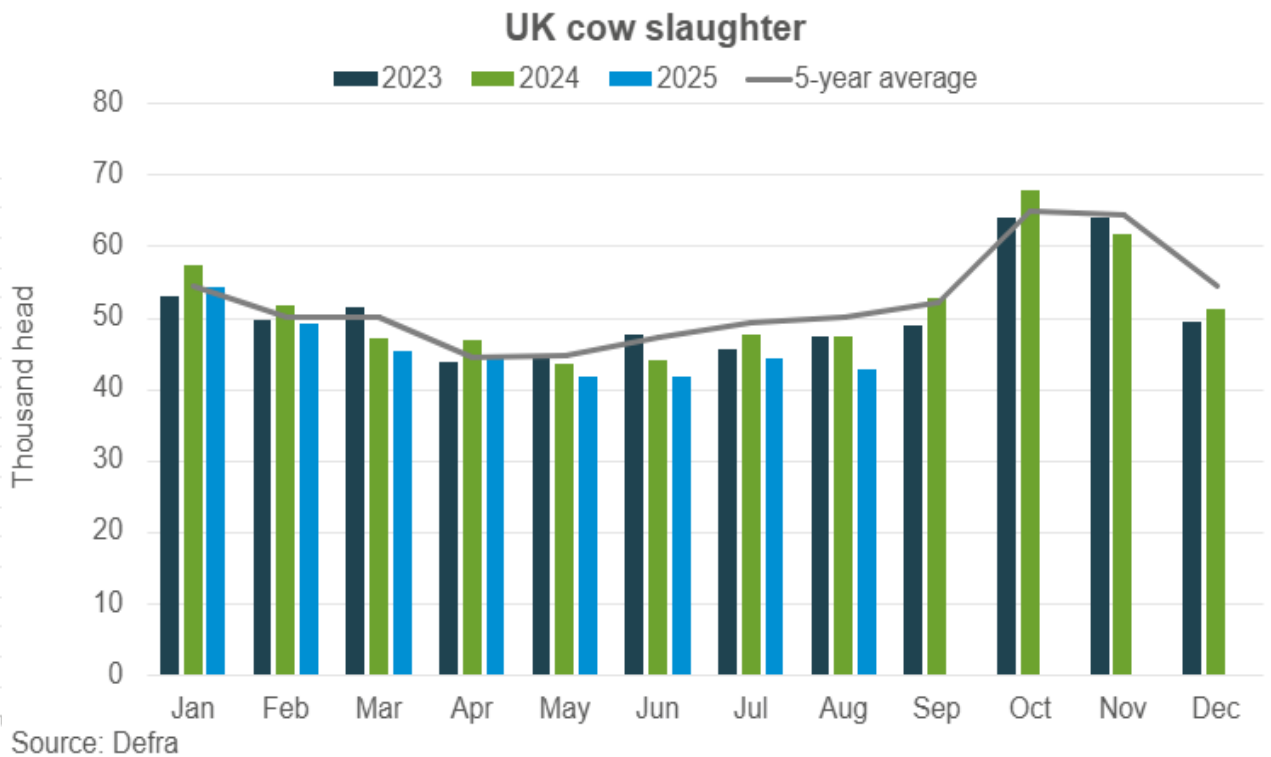
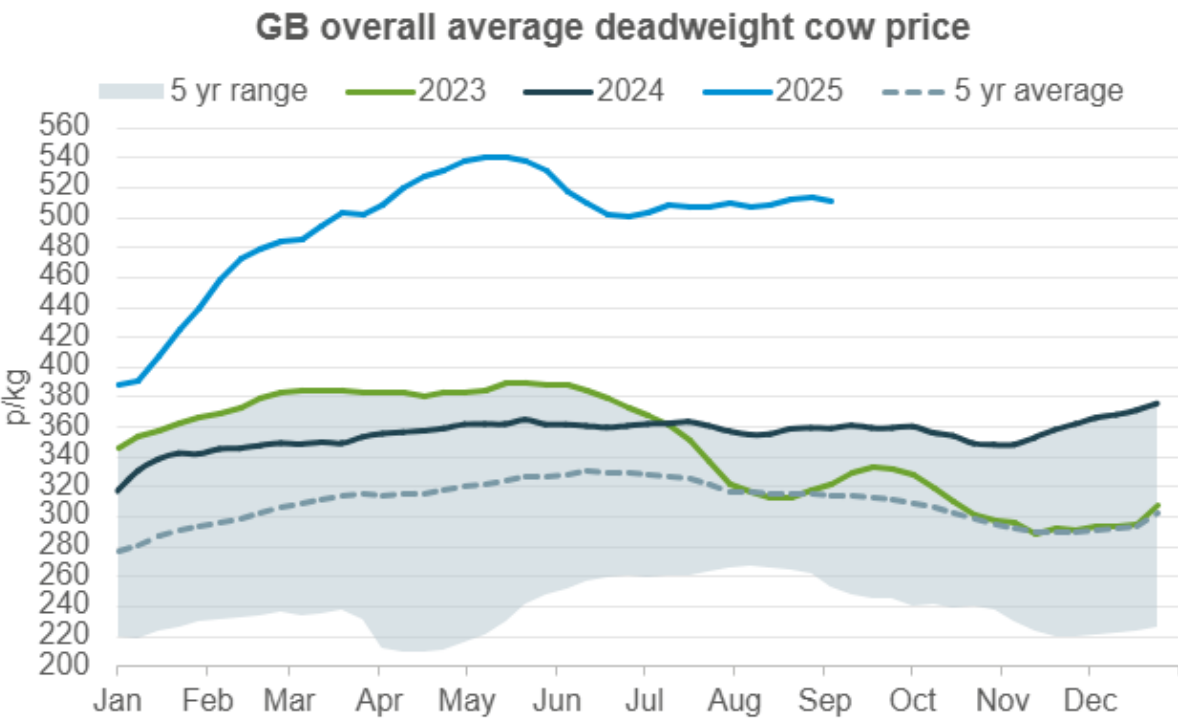
Future age structure of herd

Projected evolution of the milking herd at July



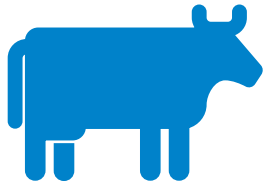
- Using current projections of -0.5% retention rate, 4-6 year olds will increase while youngstock and older groups continue to decline in 2026.
- Is this a reasonable expectation?**

Cow prices are exceptionally high, up by 43% YoY, ^{AHDB} with slaughterings down on 2024 levels



Note: data is for all cows so will include beef breeding cows as well as dairy cows

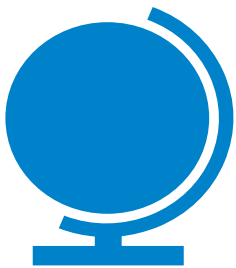
What's driving the prime cattle price?



Supply: Jan-Aug prime cattle kill: -5% YoY (-66k)

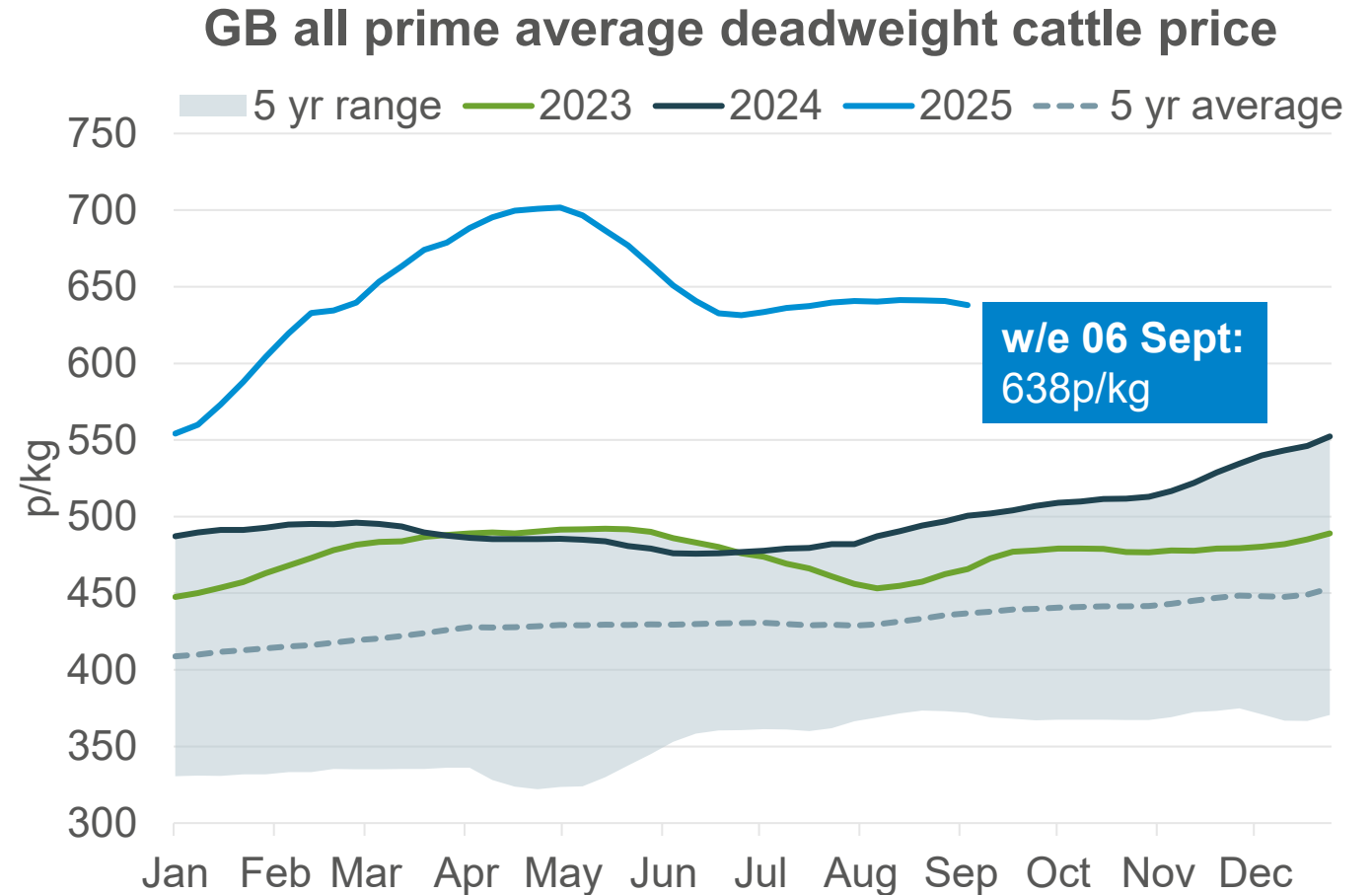


Demand: Beef retail volume -7.5% YoY (12w/e 10 Aug)



Imports: -3% YoY in H1

Exports: -9% volume YoY in H1, but +16% value YoY



Source: AHDB

Herd size discussion

- What will happen now the current youngstock have aged into the herd?
- Will the declines in the milking herd continue, or stabilise as milk prices continue to improve?
- Are our assumptions around calving still valid?

Calving assumptions

Number of calves born

1. Proportion of calves born to dairy females inseminated **88%**
2. Proportion of females from sexed semen **95%**
3. Proportion of females from non-sexed semen **50%**

Efficiency of sexed semen

1. Success of sexed relative to non-sexed semen **95%**
2. AI as % of all inseminations **90%**

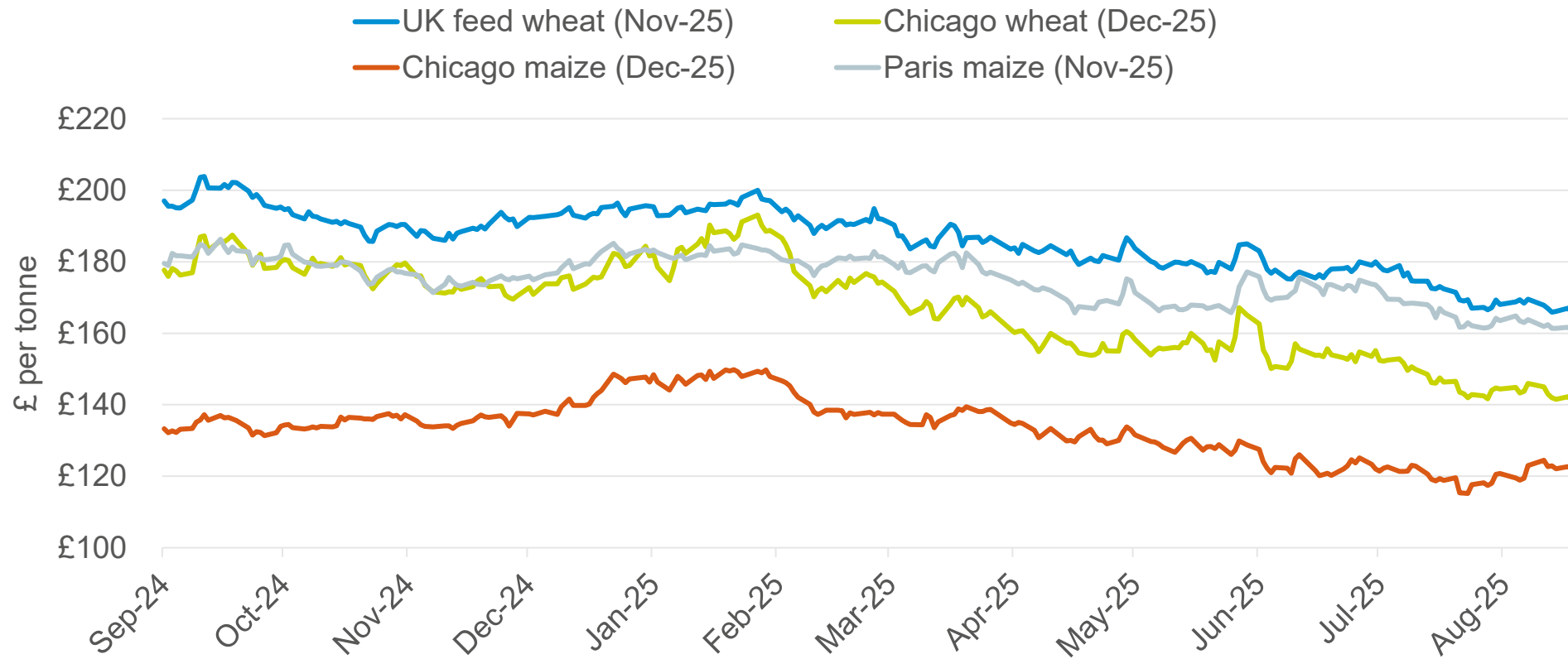
23 September 2025

What is driving feed grain and oilseed prices in 2025/26?

George Craddock

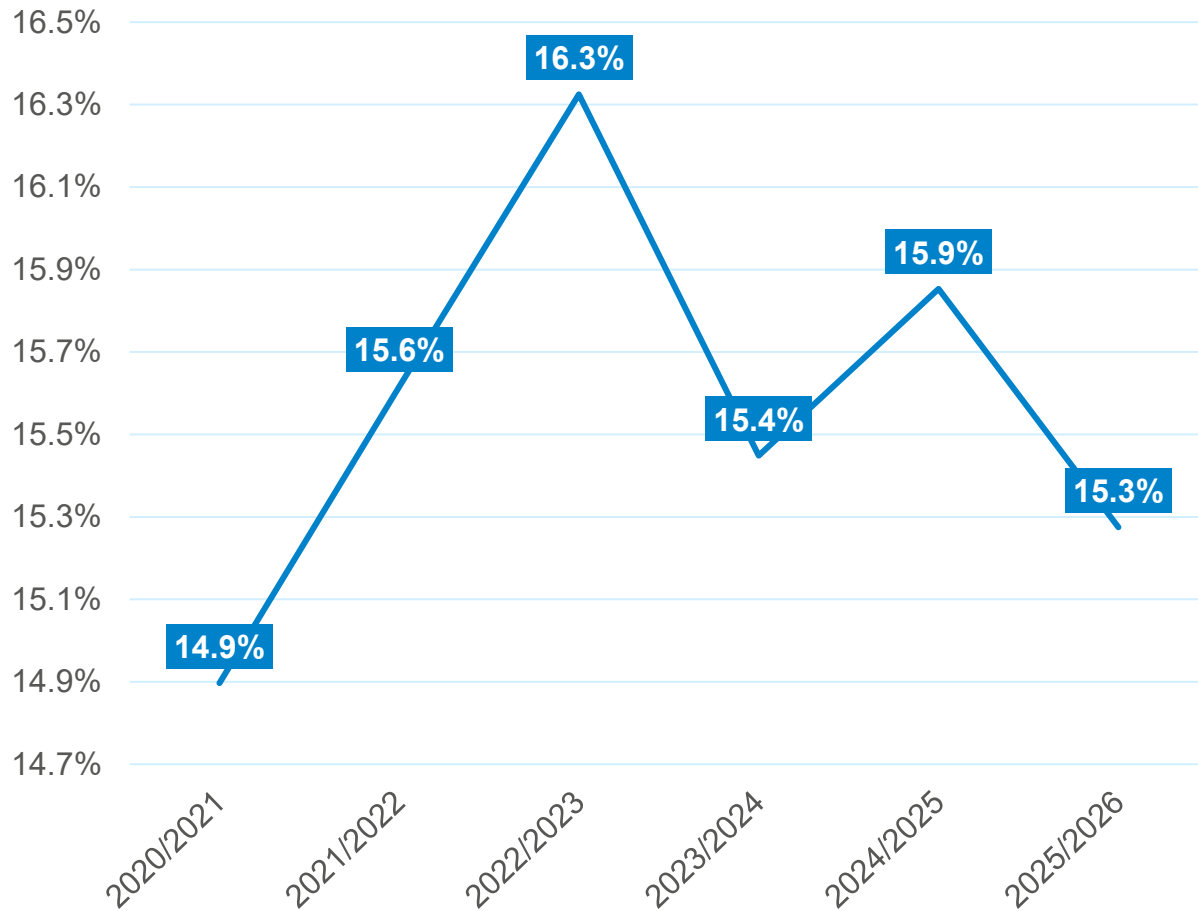


Feed grain futures



Source: LSEG, ICE, Euronext

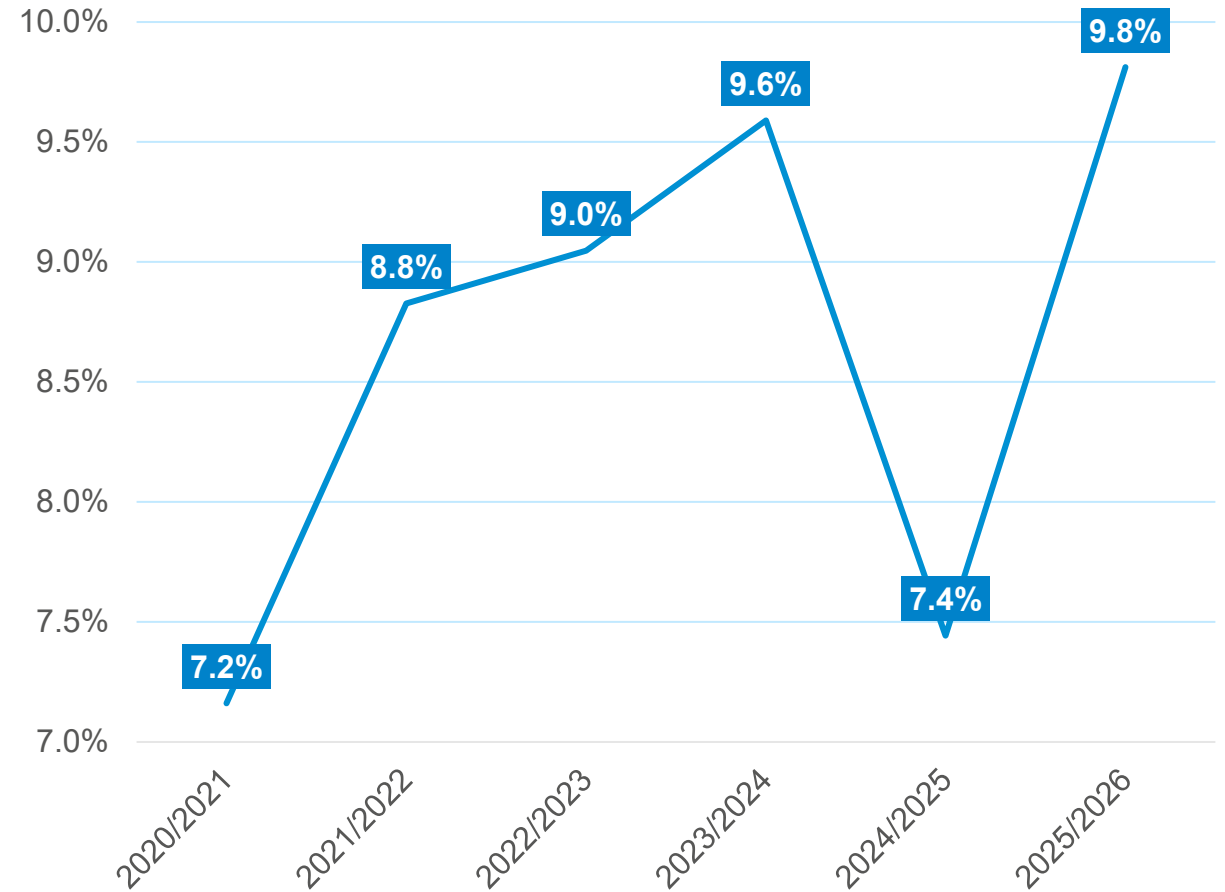
Wheat stock to use ratio of major exporters



Source: USDA

*incl. Argentina, Australia, Canada, EU, Kazakhstan, Russia, Ukraine, US.

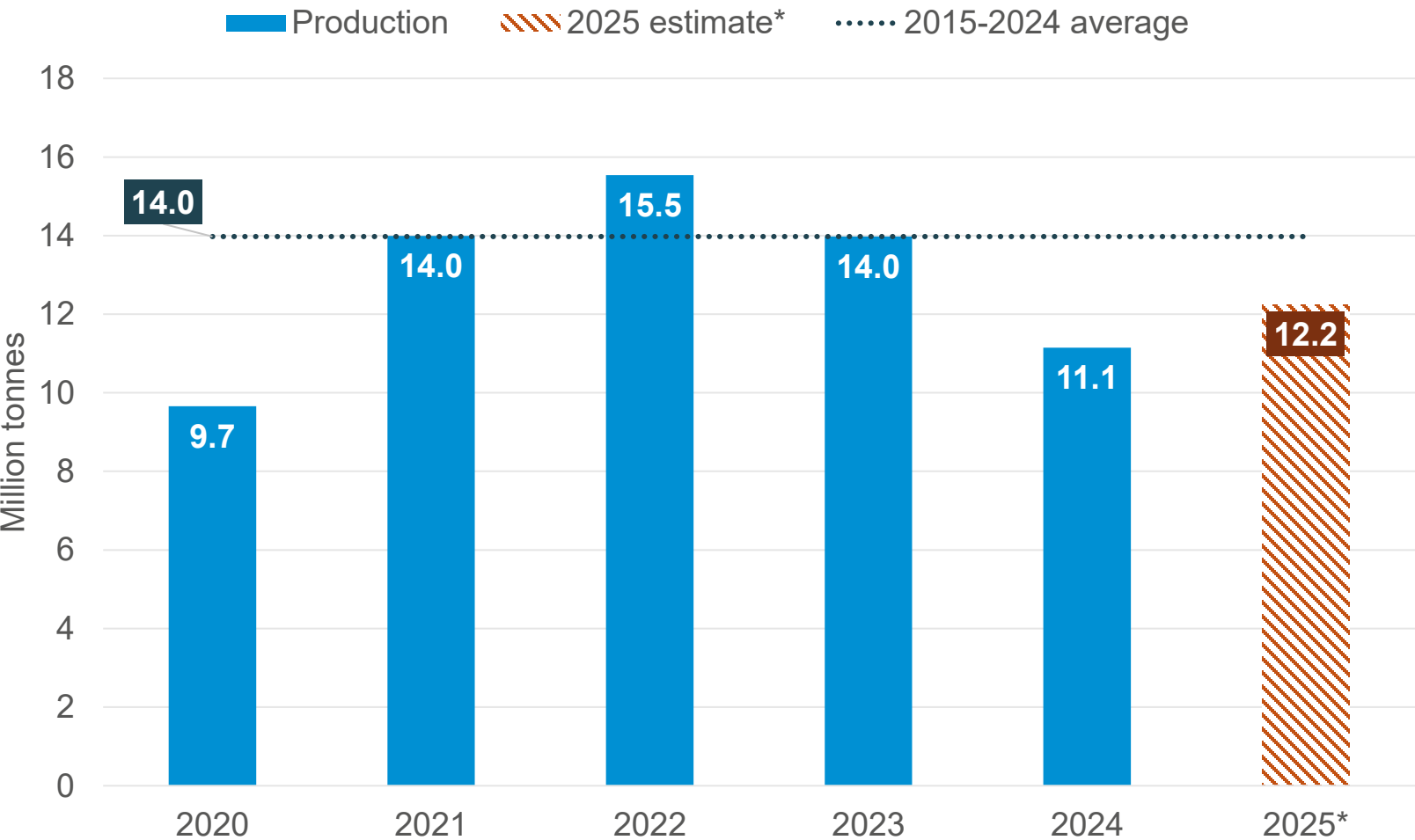
Maize stock to use ratio of major exporters



Source: USDA

*incl. Argentina, Brazil, Ukraine, United States

UK wheat production 2025



Planted area (1,669 Kha*) -



+ 92 Kha
+ 9%

Yield (7.34 t/ha*) -

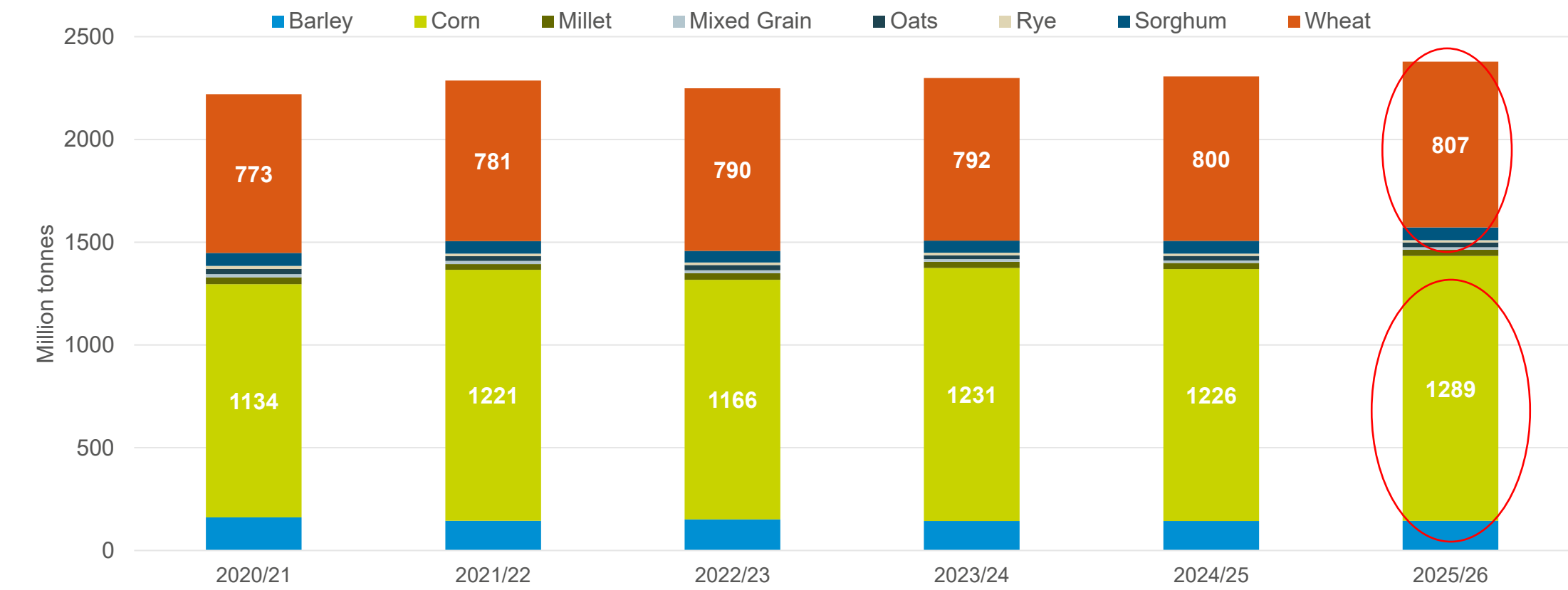


342 Kt
+1%

Source: Defra, AHDB

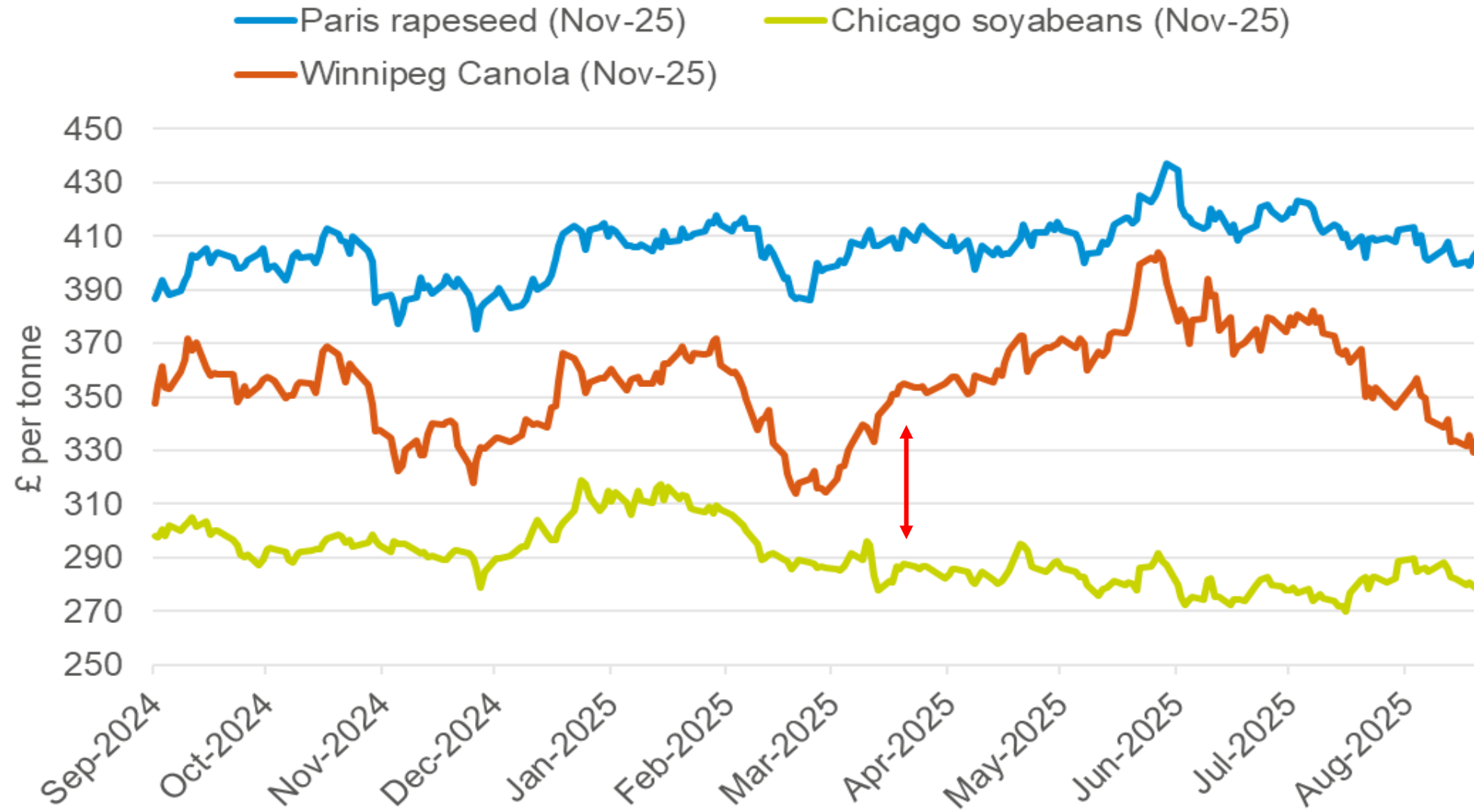
*yields from AHDB's fourth harvest progress report. Area based on provisional Defra statistics in England, and AHDB's Planting and Variety Survey.

Global grain production has grown for the 2025/26 season

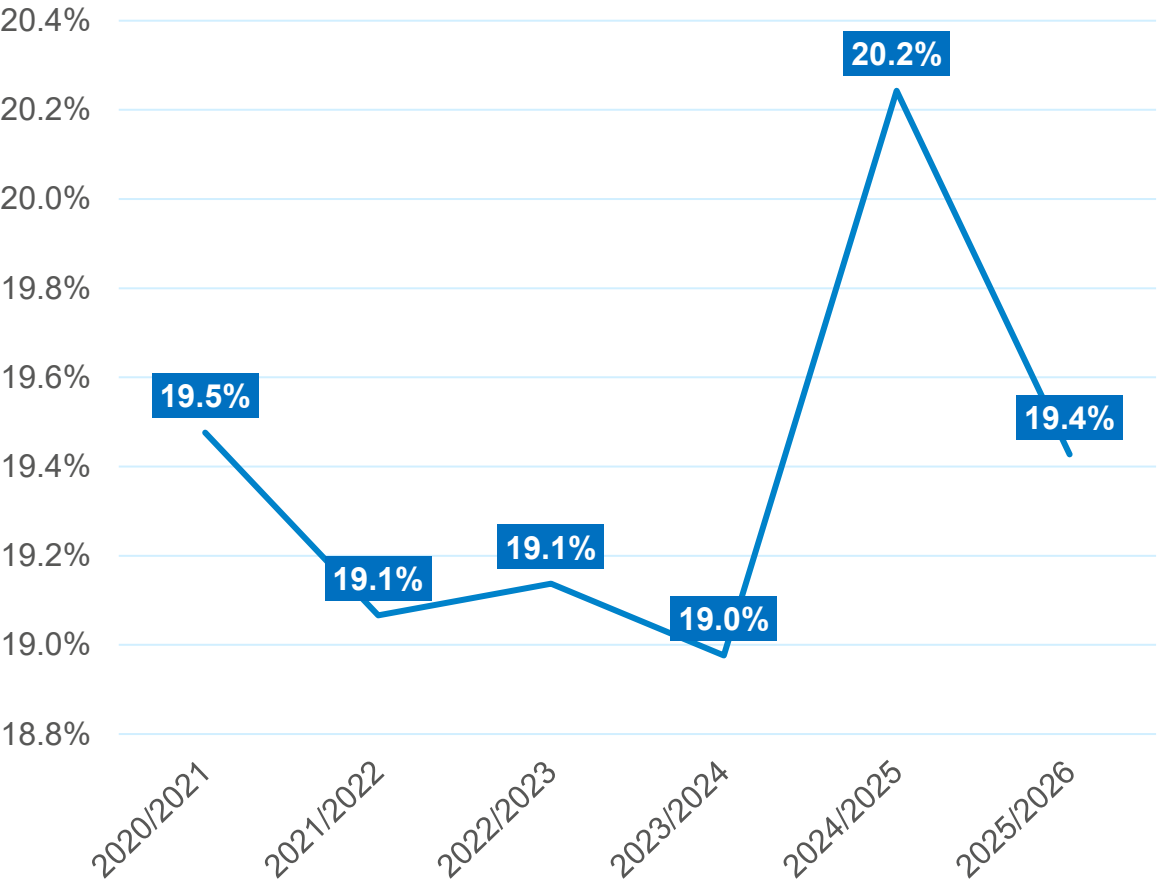


Source: USDA

Rapeseed vs Soyabeans

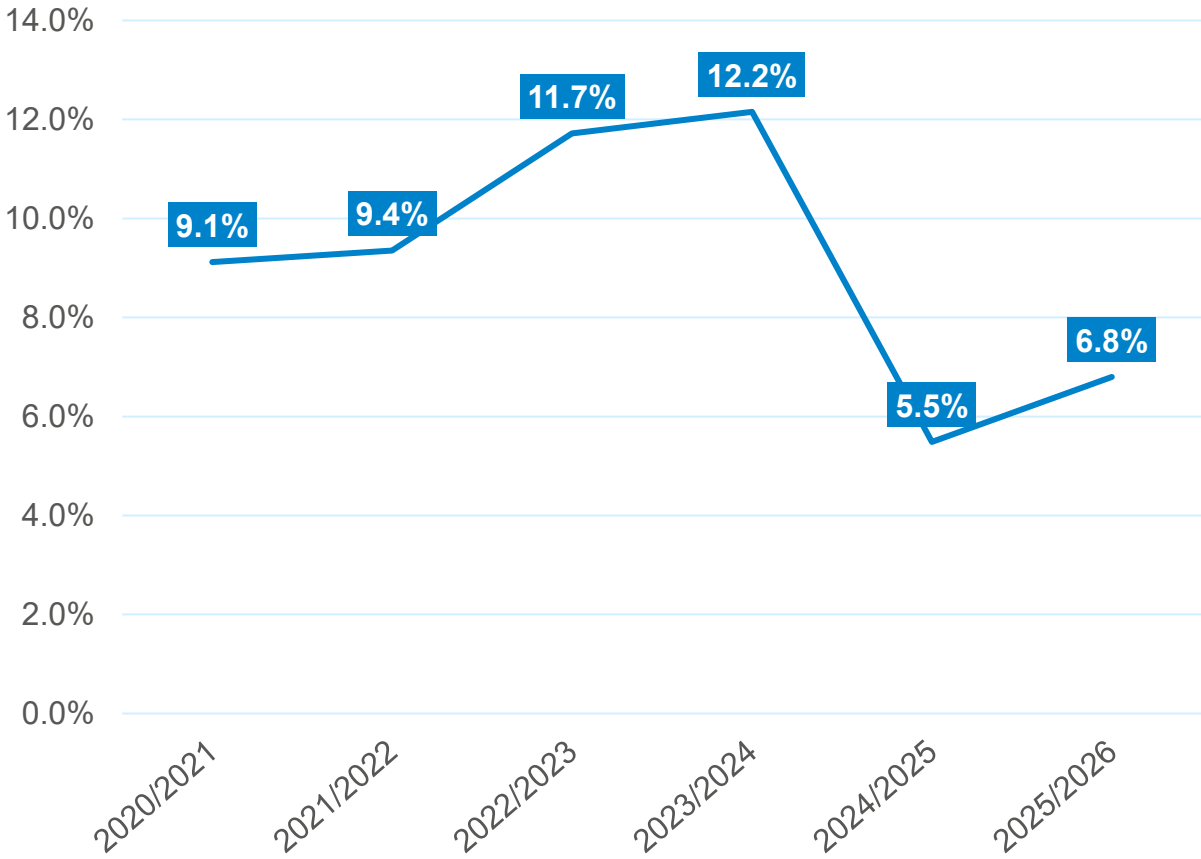


Soyabean stock to use ratio of major exporters



Source: USDA *incl. Argentina, Australia, Canada, Brazil, US.

Rapeseed stocks to use ratio of major exporters



Source: USDA *incl. Argentina, Australia, Canada, EU, Kazakhstan, Russia, Ukraine, US.

Factors to watch in 2025



US tariffs/trade tension



Heavy Brazilian and US soyabean supplies



Global GDP - mixed picture



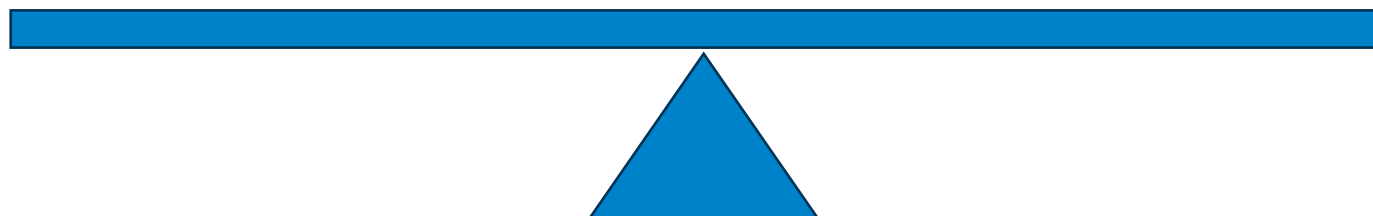
Limited domestic and global supply of rapeseed



Lower palm oil production



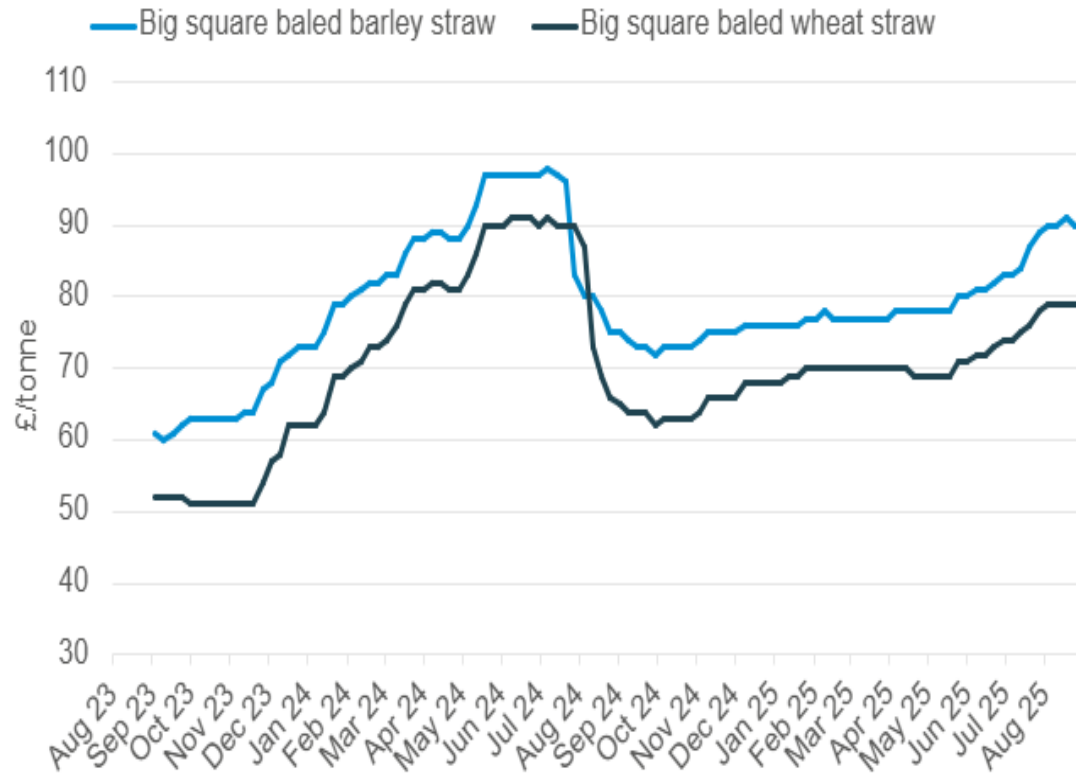
Suspension of US tariffs



Costs & Yields

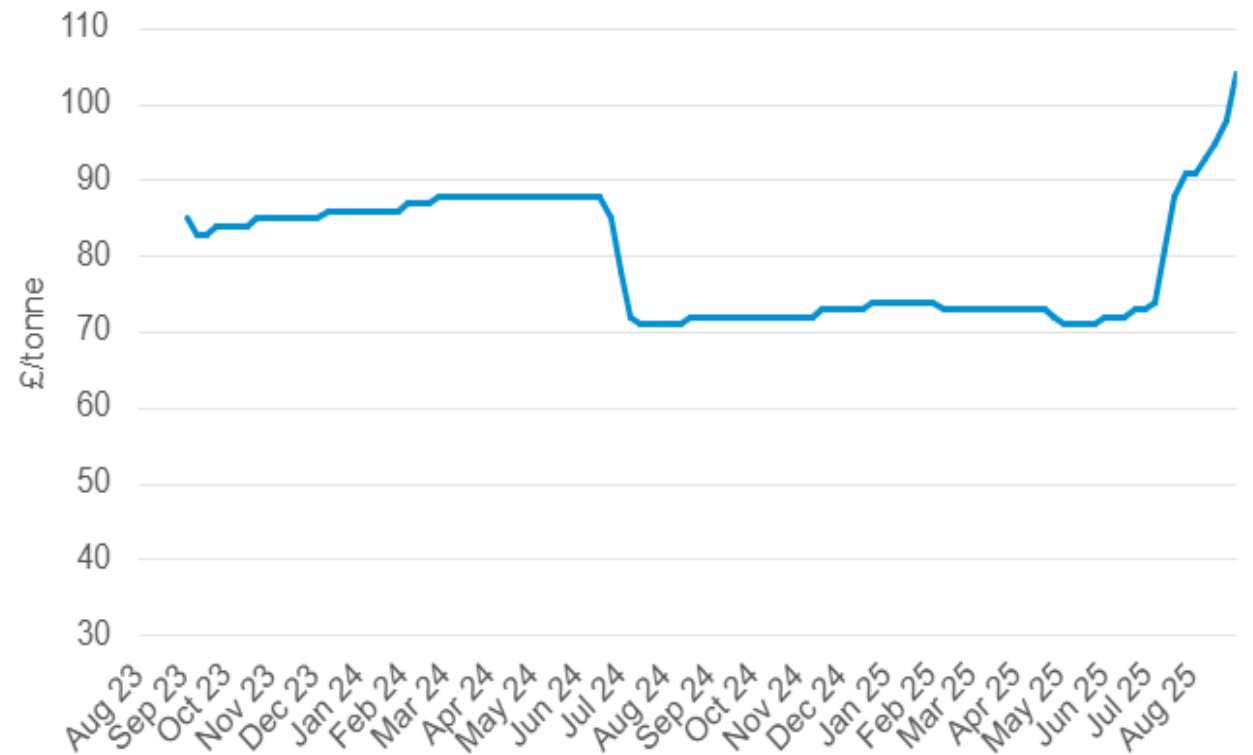
Hay and Straw prices

GB Big bale straw prices



Source: British Hay & Straw Merchants' Association

GB Big bale hay prices

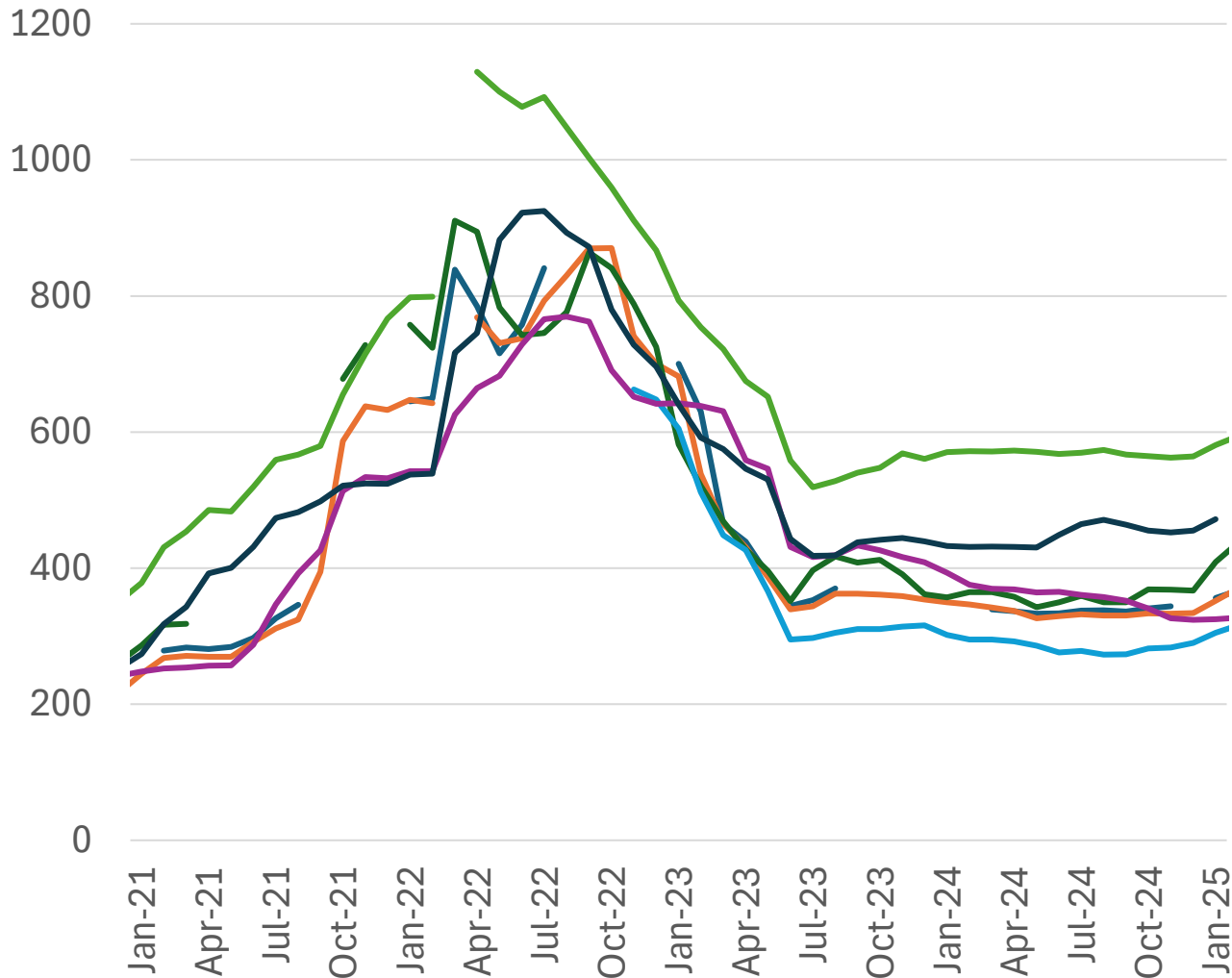


Source: British Hay & Straw Merchants' Association

Fertiliser prices

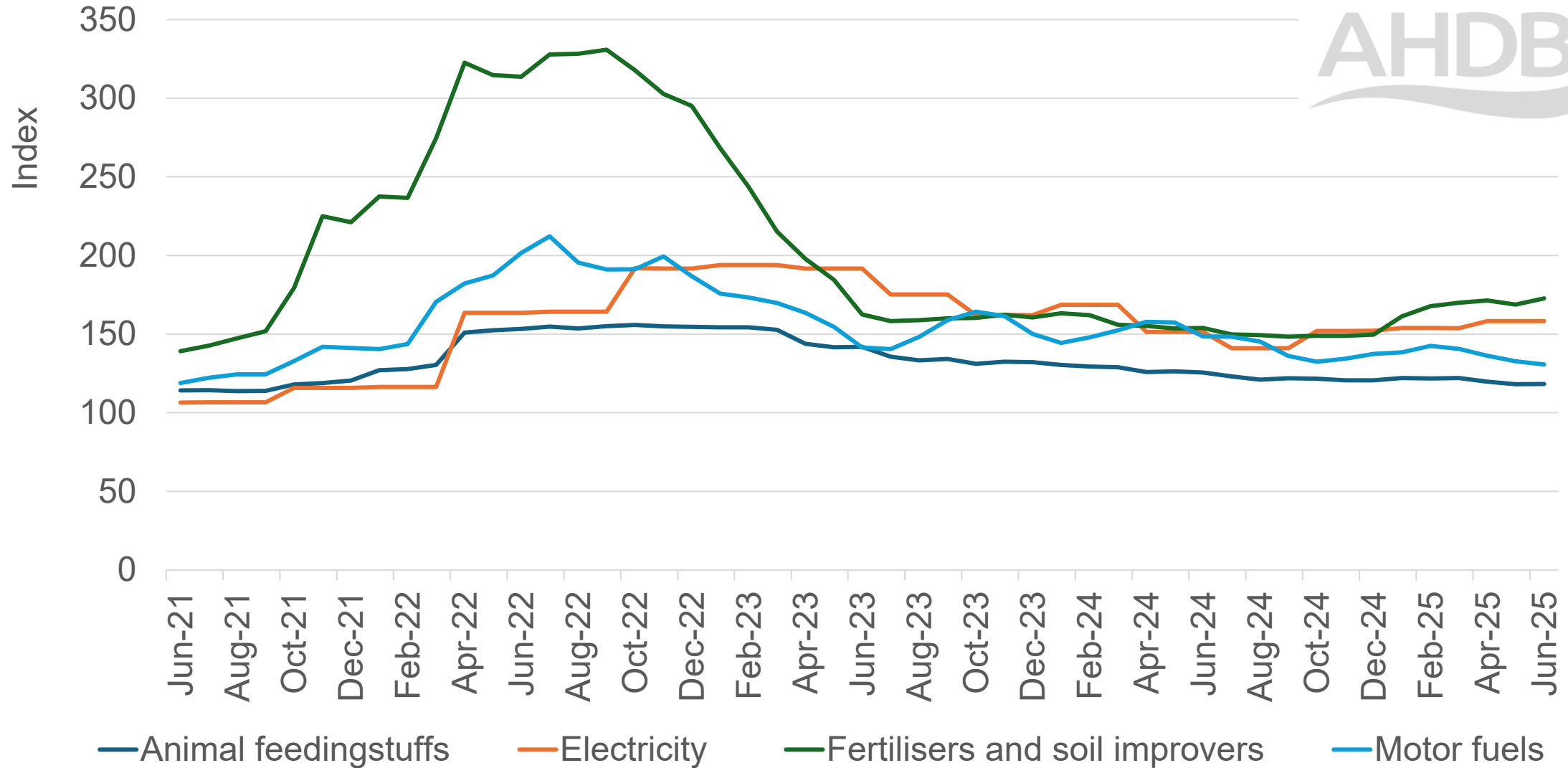
£/tonne

AHDB



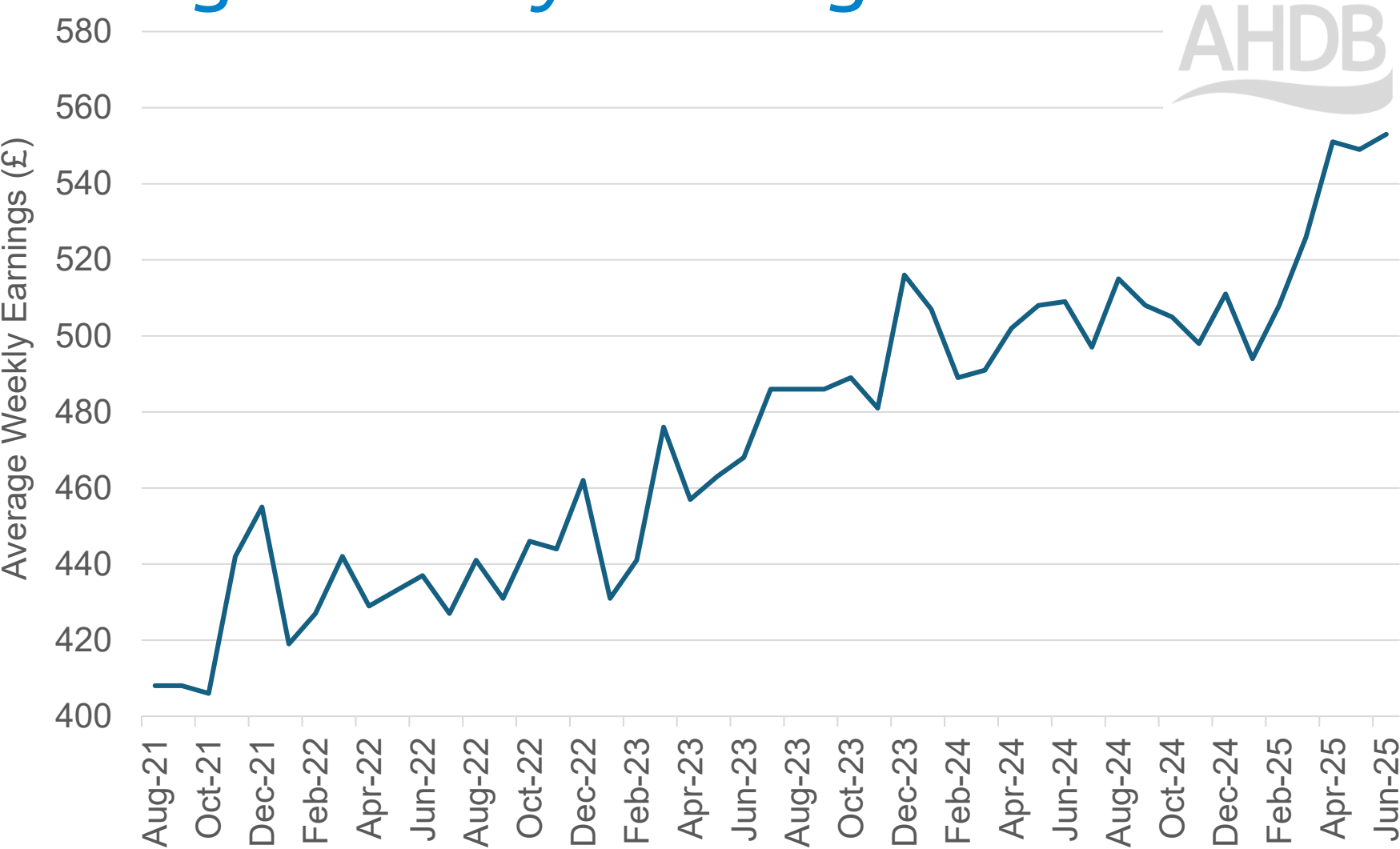
- AN – UK produced (34.5% N)
- AN – imported* (34.5% N)
- Granular Urea - standard specification (46% N)
- UAN (30% N w/w kg per 100kg)
- Muriate of Potash (MOP)
- Diammonium Phosphate (DAP)
- Triple Super Phosphate (TSP)

UK agricultural inflation



Labour costs - Agriculture, Forestry and Fishing

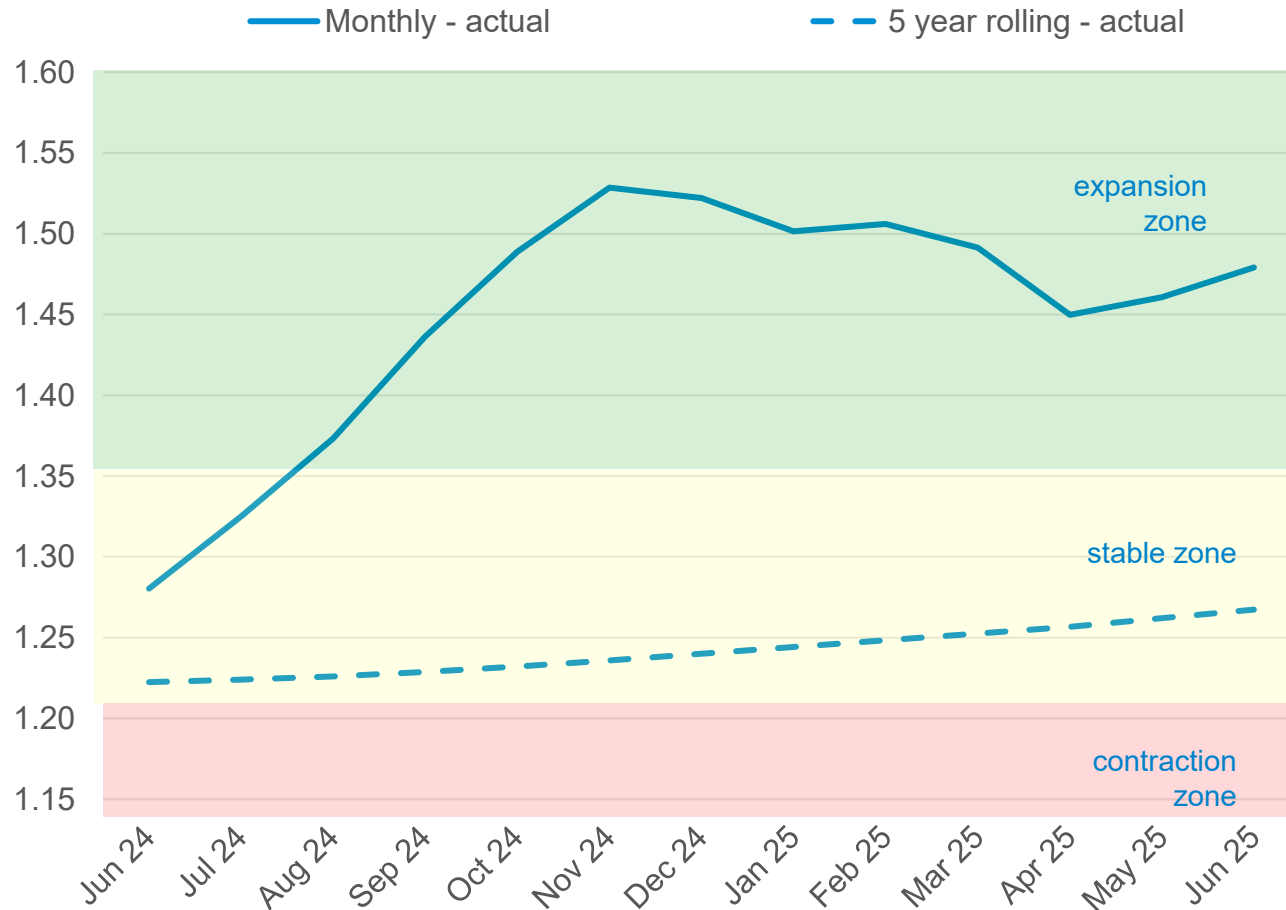
Average Weekly Earnings



- Average Weekly Earnings have increased by 8.6% from June 2024 to June 2025

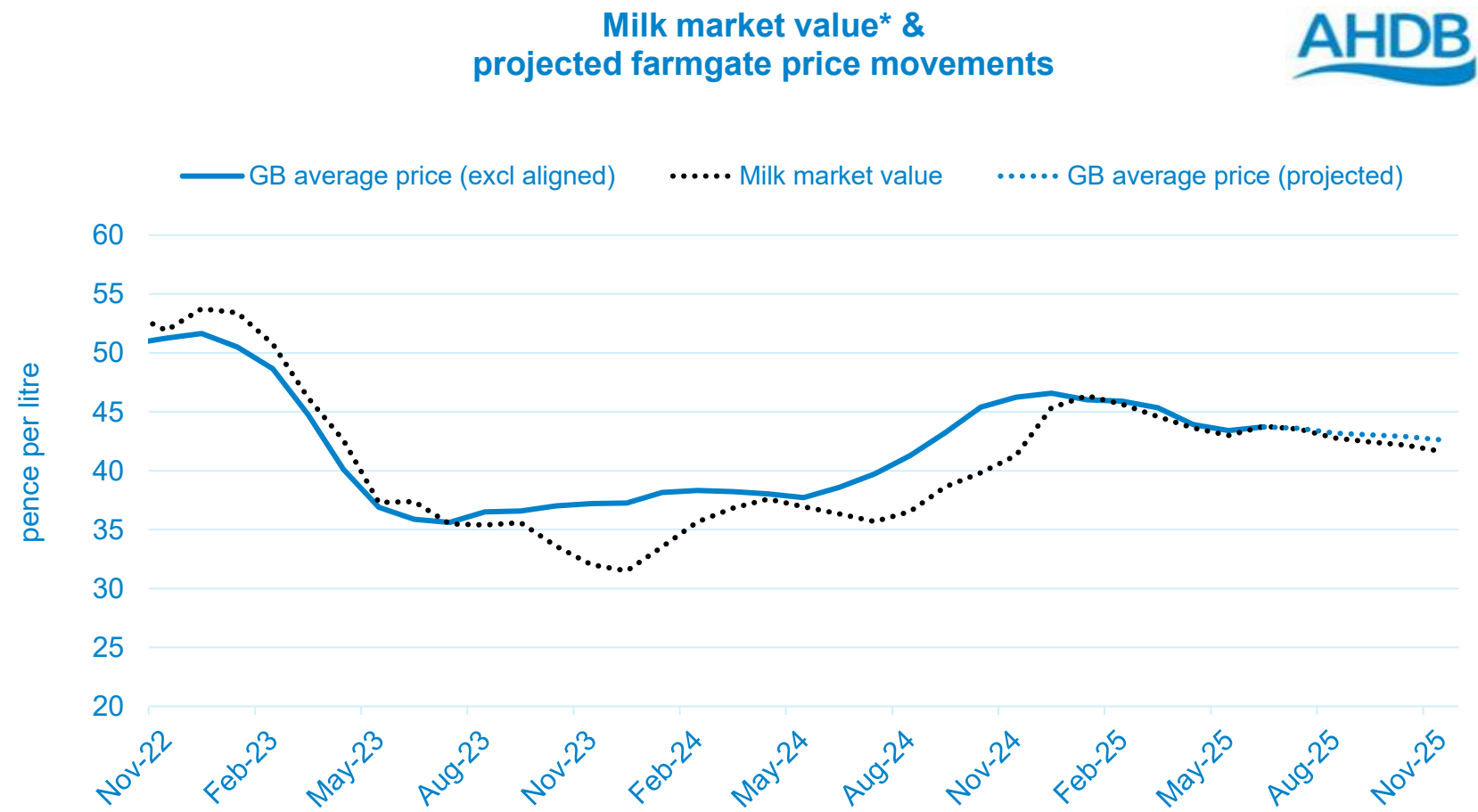
Milk to (concentrate) feed price ratio

Actual milk to feed price ratio - average



- MFPR remains well into the expansion zone
- Feed costs have eased (-5% YoY)
- The MFPR levels were at a historic high back end of 2024
- Production continues to be exceptional
- Watch points will be forage and bedding costs ahead of winter housing

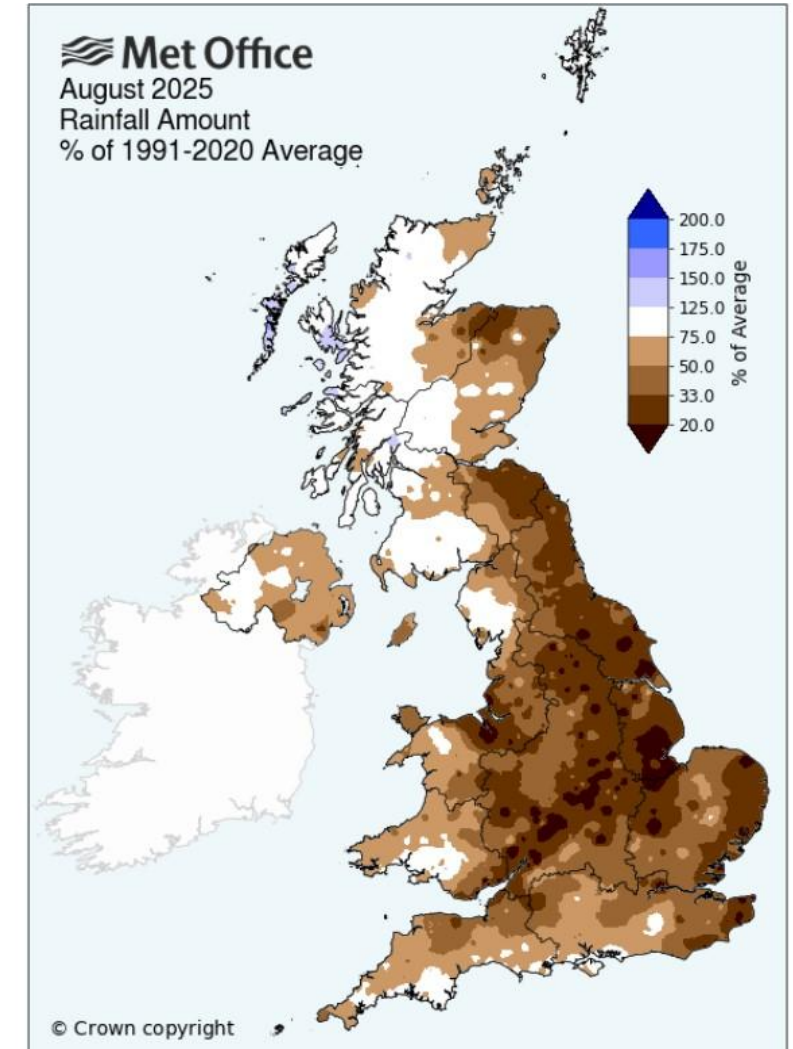
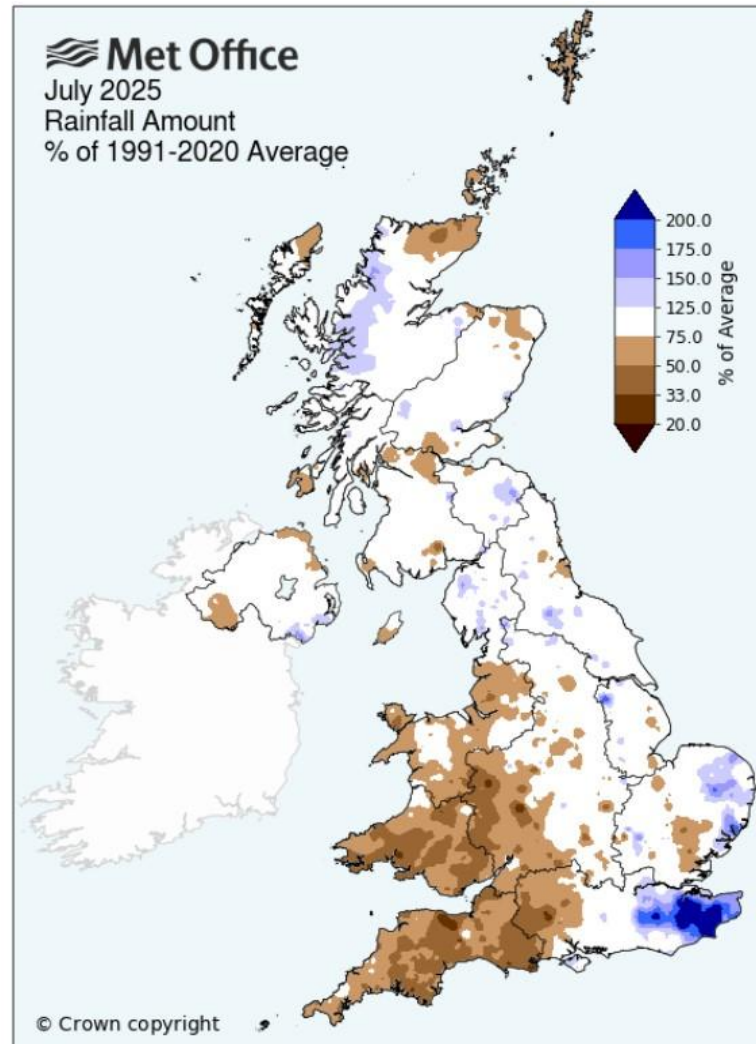
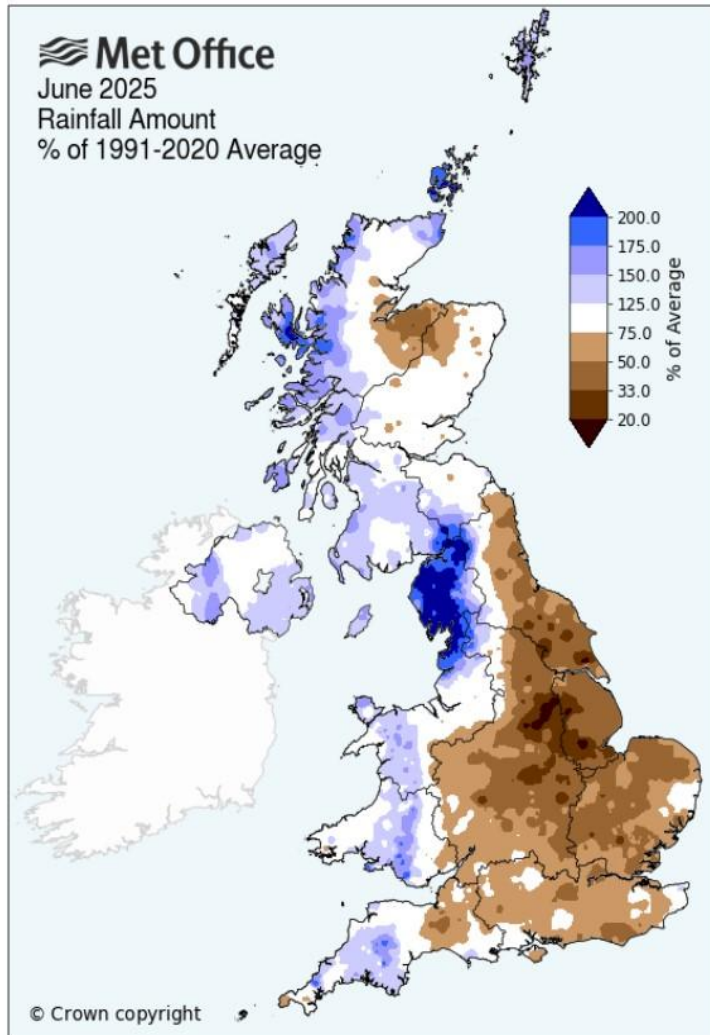
Average milk prices expected to ease based on declining MMV



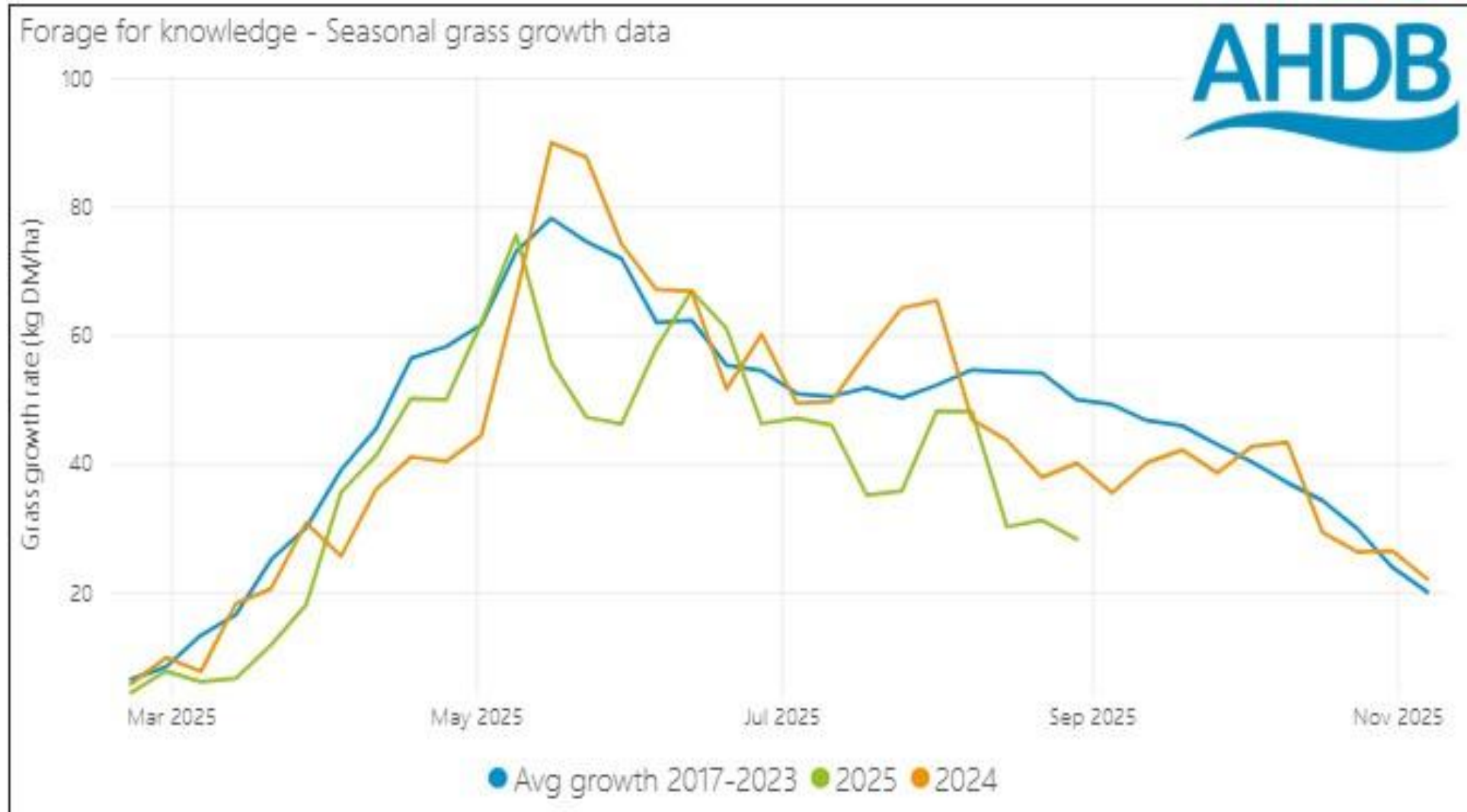
Source: Defra, AHDB

*weighted average AMPE/MCVE (20:80)

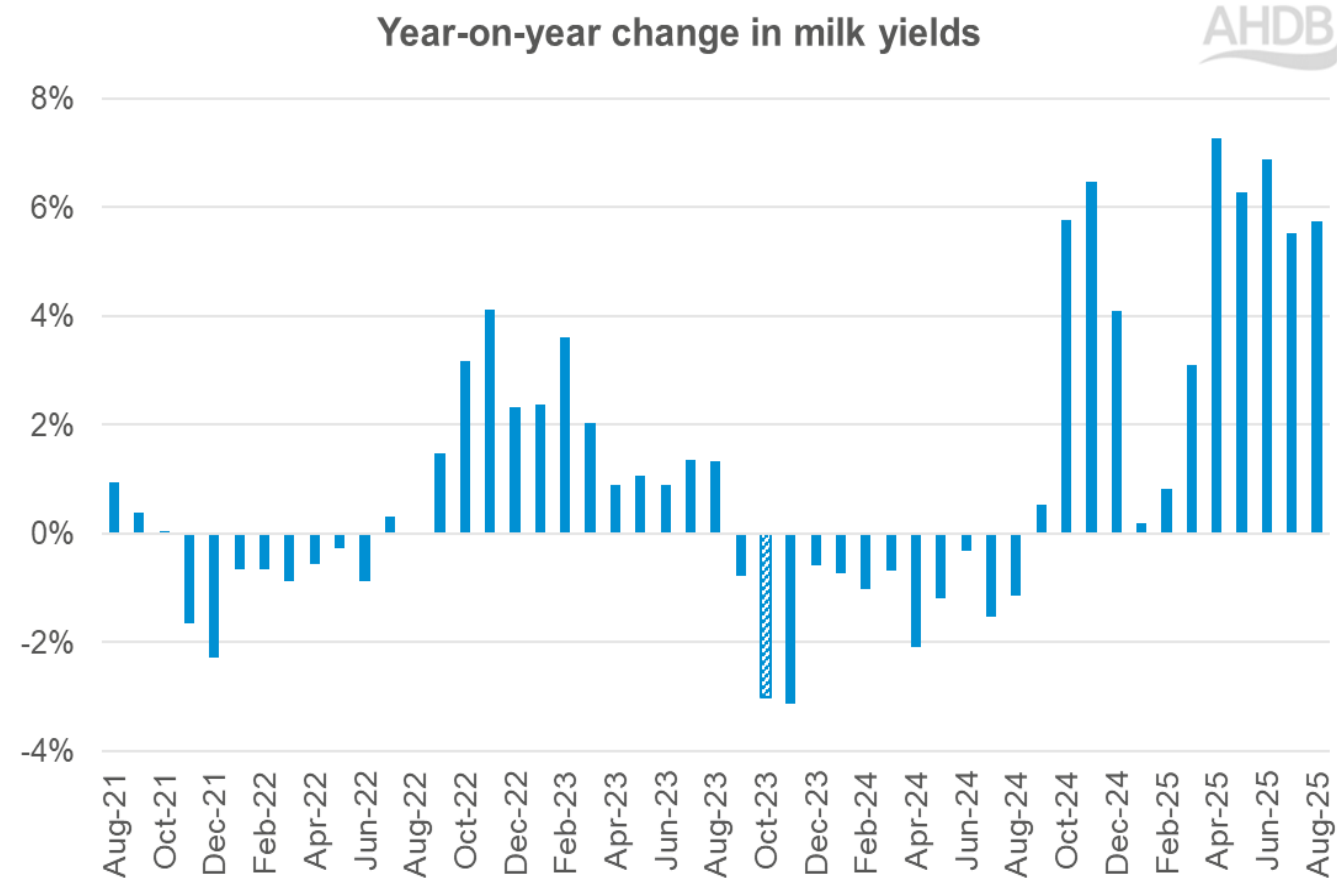
2025 so far has been drier than 2024



Grass Growth has had a mixed year. Winter forage?



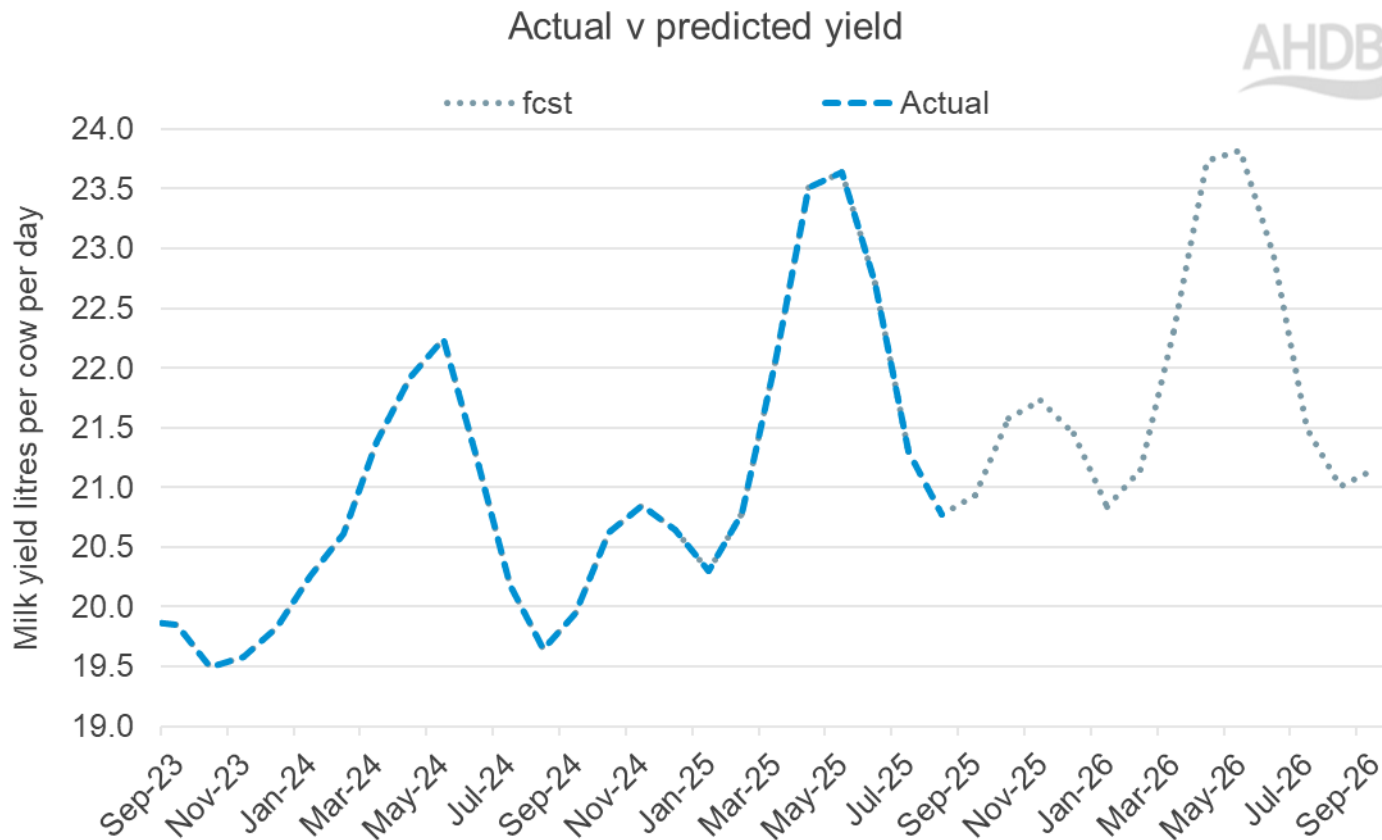
Milk yields



Source: AHDB

- Favourable milk to feed price ratio is boosting yields currently
- Assumed yield growth of 5% to 7% during the rest of 2025.
- Thereafter from January onwards next year, yield growth is likely to slow down to 2% to 4%
- **Will the yield levels decline later in 2026?**

Yield forecast

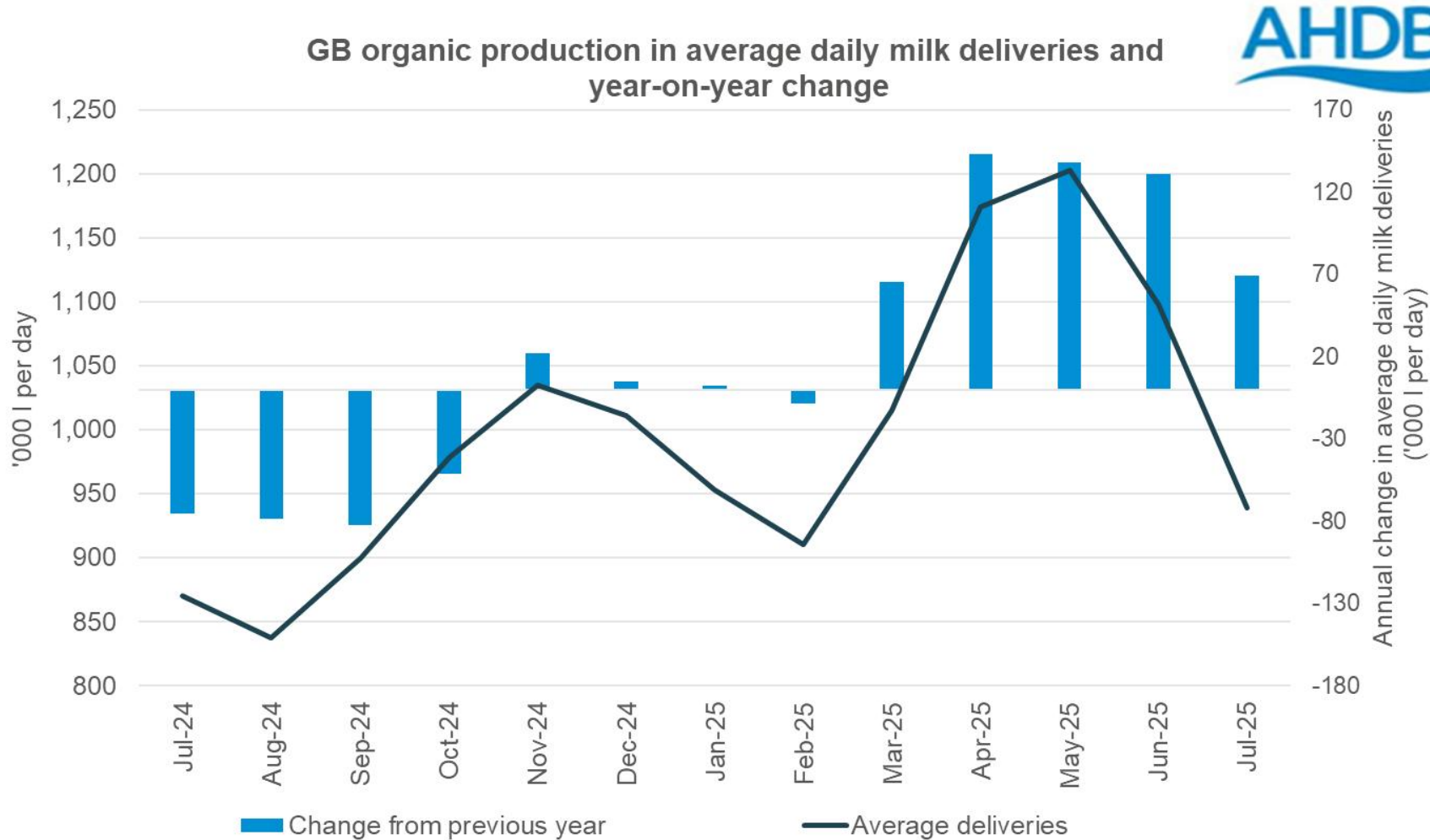


Source: BCMS, Defra, AHDB

- From Oct-24, yields have picked up in response to higher prices
- We expect this trend to continue for the remaining of the year.
- From Jan-25 onwards, underlying yield growth is likely to be maintained around 2% to 4%
- Are margins currently adequate to continue to support increased milk production?

Organic milk production

GB organic production in average daily milk deliveries and year-on-year change



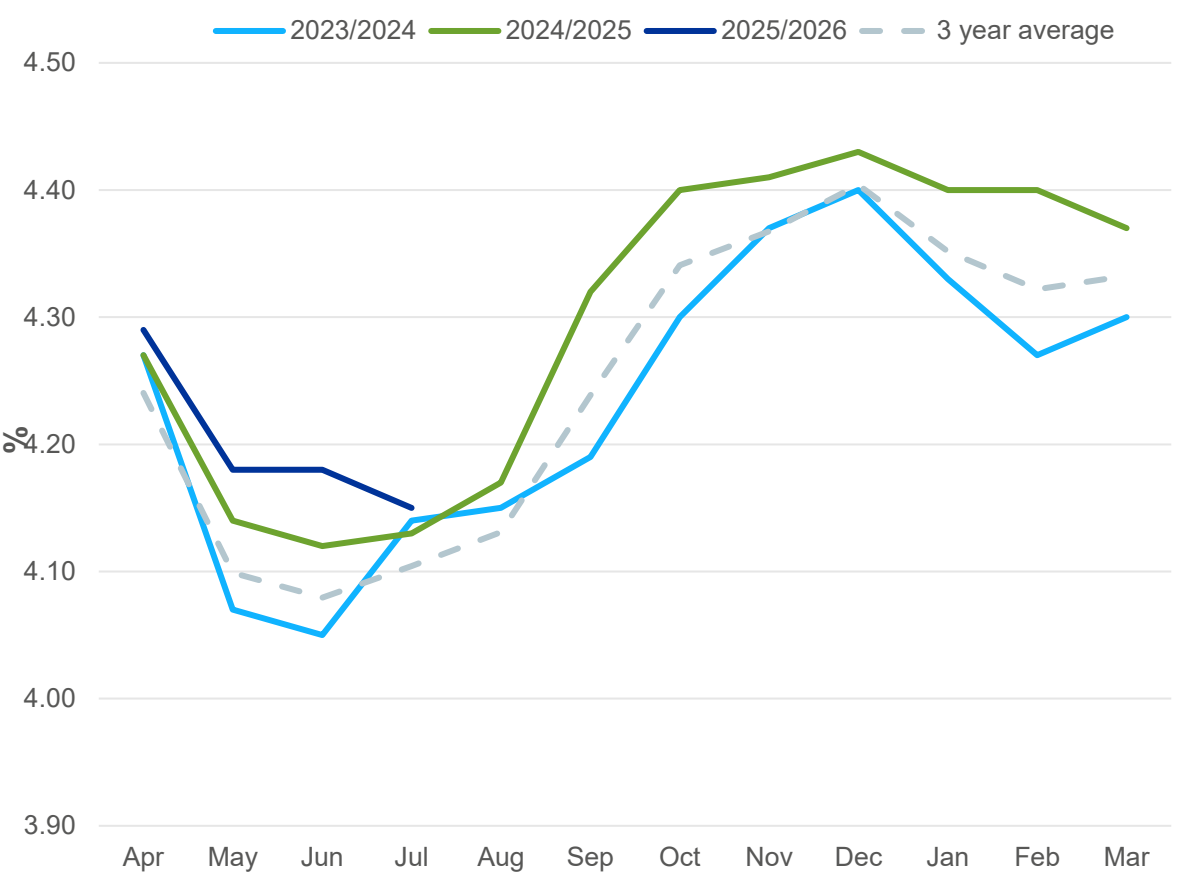
Source: AHDB

- Milk year to date (Apr-Jul) increase of 14.6mn litres organic milk
- Production up by 12.2% year-on-year
- Will there be enough forage to further boost organic supplies?

Milk composition: both fat and protein running above the 3 -year average

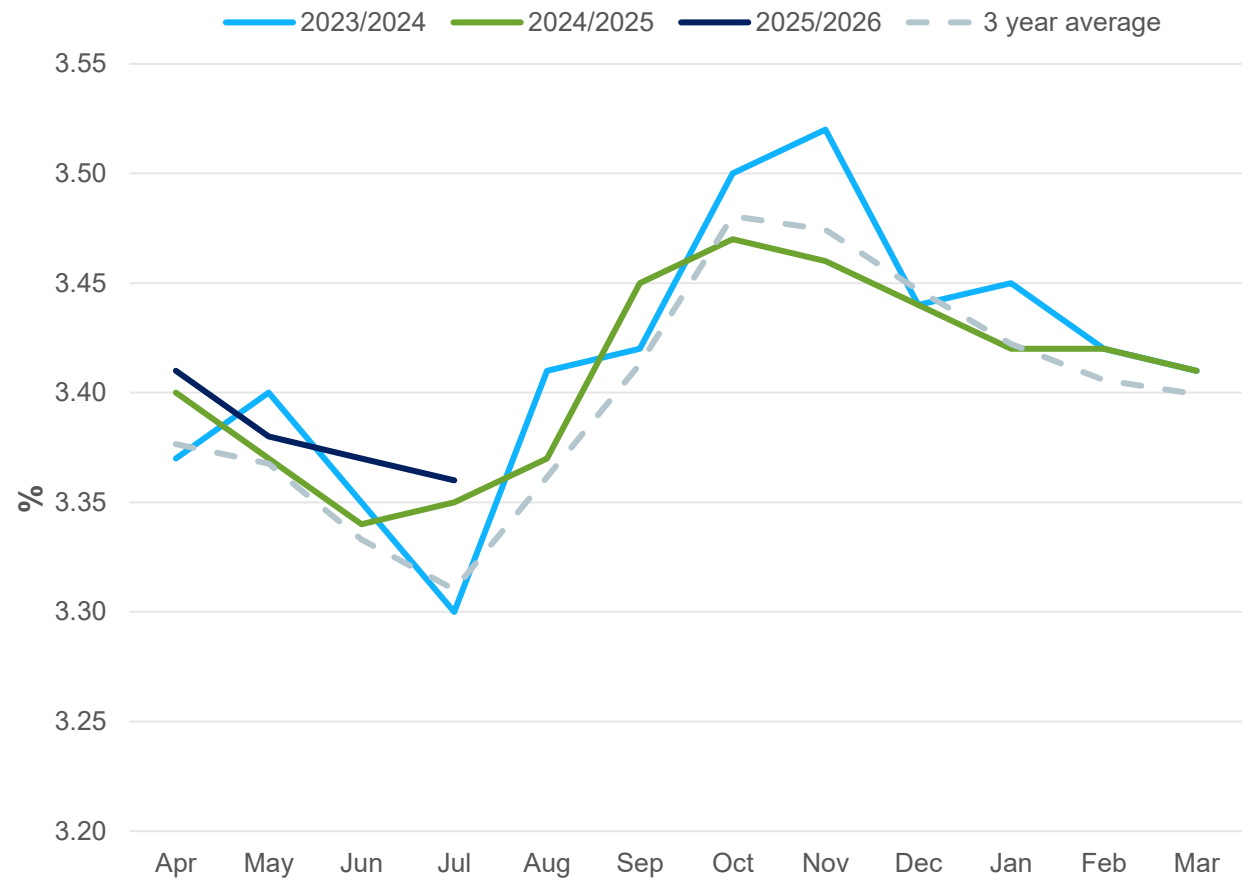


Average UK butterfat content



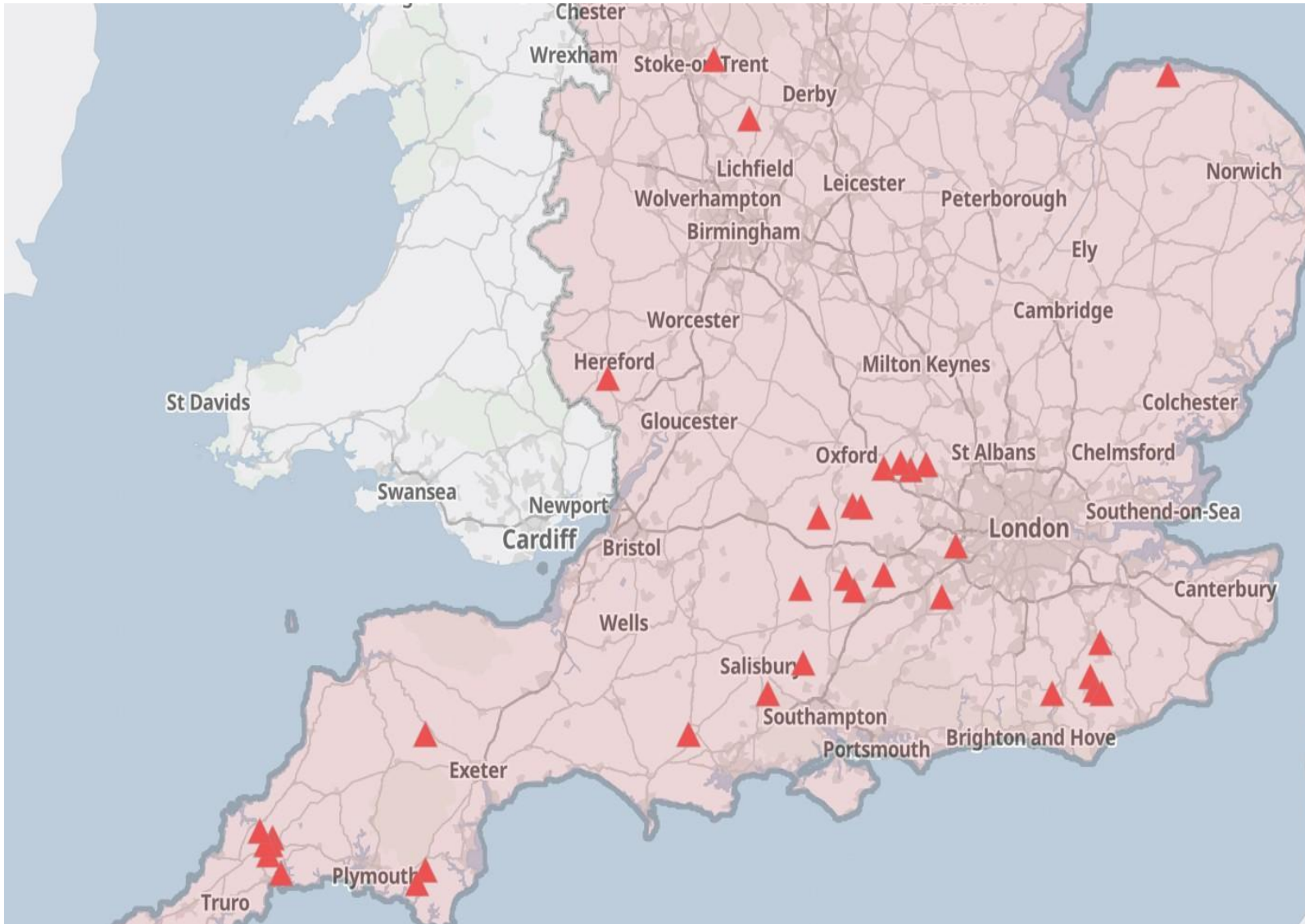
Source: Defra

Average UK protein content



Source: Defra

Disease risk: BTV-3



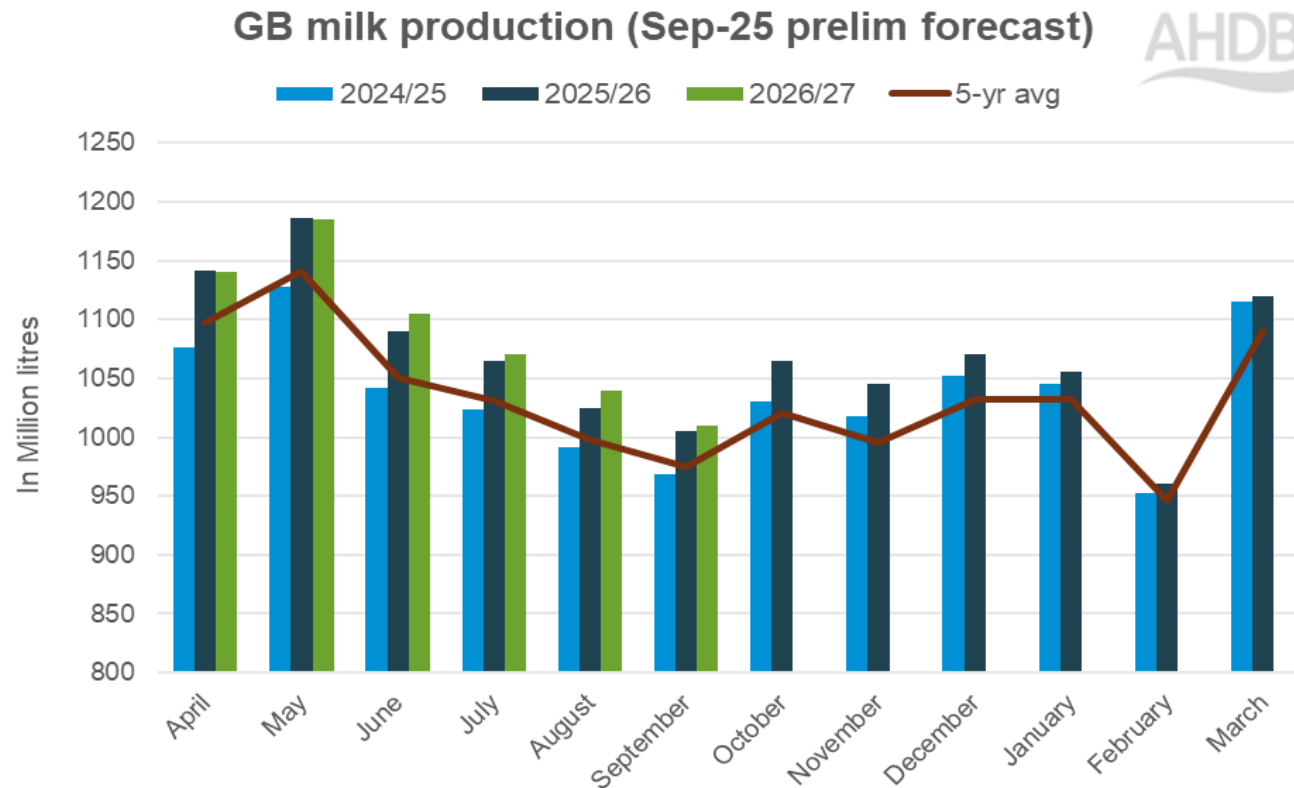
- No. of cases relatively low
- Cases have calmed down in EU
- Difficult to quantify and isolate the potential impact of BTV on milk production at a national level
- However, remains a risk for forecast

Costs & yields discussion

- How much are input costs continuing to impact on production decisions? Interest rates?
- Will demand further support price increases?
- What impact will this have on yields going through into 2026?
- Impacts of BTV? Vaccination plans?

Latest milk forecast

GB milk production – September forecast 2025/26



Source: AHDB

- 2025/26 estimate
12,875m litres, up 3.5% on 24/25
- 2026/27 forecast H1
6,550m litres (Apr –Sep), up 0.1% on 24/25
- Yields likely to maintain gains next year.

Contributors' forecasts

All contributors

year on year change	Q4 2025	Q1 2026	Q2 2026	Q3 2026
up more than 4%				
up 3-4%	2			
up 2-3%		2		
up 1-2%	1		1	1
up 0-1%			1	
unchanged			1	2
down 0-1%	1	2	1	1
down 1-2%				
down 2-3%				
AHDB forecast	3.2%	0.6%	0.1%	0.1%

Processor contributors

year on year change	Q4 2025	Q1 2026	Q2 2026	Q3 2026
up more than 4%				
up 3-4%	1			
up 2-3%		1		
up 1-2%				
up 0-1%			1	
unchanged				1
down 0-1%	1	1	1	1
down 1-2%				
down 2-3%				
AHDB forecast	3.2%	0.6%	0.1%	0.1%

Preliminary September 2025 forecast

GB milk production forecast - September 2025

m litres	2024/25	2025/26	2025/26	2025/26	2026/27	2026/27
	Actuals	Actuals	Forecast	Yr-on-yr	Forecast	Yr-on-yr
Apr	1,076	1,140		6.0%	1,140	0.0%
May	1,128	1,185		5.0%	1,185	0.0%
Jun	1,042	1,102		5.7%	1,105	0.3%
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Mar	1,115		1,115	0.0%		
Year	12,443		12,875	3.5%	6,550	0.1%

Source: AHDB

Notes: A 28-day equivalent is used for Feb-24. Forecast numbers are in bold.

- Preliminary forecast update puts production at **12.88bn** litres for 2025/26, 3.5% up on 2024/25
- Higher than September forecast 2024/25 (442m litres)
- Average quarterly increase in the current milk year (2025/26) around 1.9%
- Official forecast to be published later this month

Milk forecast discussion

- General thoughts on the provisional forecast
- How will farmers react to increasing prices? Are margins high enough to stimulate growth?
- Are there any long-term issues hiding behind the short-term challenges?
- Impacts from diseases?

Next steps

- Publish the background information from the meeting
- Review feedback
- Forecasts:
 - Baseline
 - Scenarios
- Analysis and feedback:
 - Track costs/milk price balance
 - Yields are largest uncertainty

Where to find AHDB market information

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The [Dairy markets homepage](#) will signpost you to the industry data, analysis and insights from the dairy sector to help inform your business decisions. Our industry experts will guide you through the [market movements](#) and provide a clear, impartial view on what it all means.



The [latest pig prices](#), and industry essential [trade data](#), are the cornerstones of the Pork market website pages. There is also the [latest analysis and insight](#) to provide you with a clear and impartial view.



Our [trade and policy](#) resources focus on the future changes in domestic policy and trading relationships to help farmers and growers explore how these will affect their business. There is also a dedicated [Consumer and Retail Insight](#) team who look at the needs of the modern consumer as well as their attitudes towards cooking, buying and eating food.

A vibrant landscape of a green field at sunset. A path leads from the foreground towards the horizon where the sun is setting, casting a warm glow over the scene. The sky is filled with colorful clouds, and the field is lush and green. The text is overlaid in the center of the image.

**‘Inspiring our farmers, growers
and industry to succeed in a
rapidly changing world’**

Thank you!

We welcome feedback.
Please scan the QR code.



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