Drought impact – key indicators

AHDB Market Intelligence

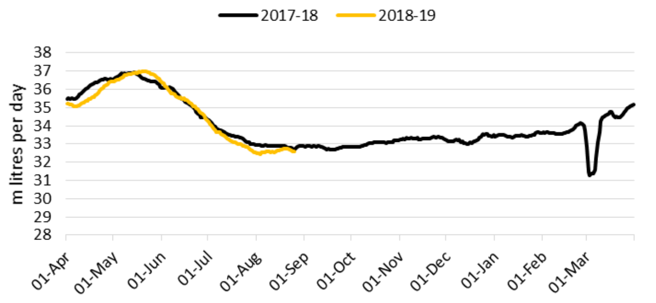
September 2018

Foreword

- Earlier this season, AHDB Market Intelligence released a report bringing together the potential impact of the prolonged dry, hot summer for each sector
- Since then, while the weather may have changed, many of the impacts for farmers are still being felt
- The following dashboards highlight the key indicators, per sector, that can provide industry with insight into the ongoing effects of the weather
- While these are a snapshot in time, readers can keep up to date with the latest developments influencing production and prices by signing up to the regular AHDB Market Intelligence publications at comms@ahdb.org.uk

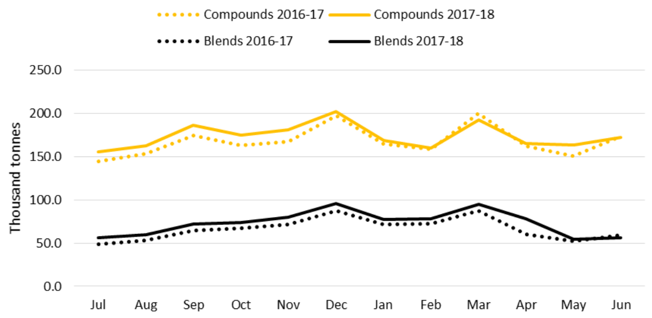
Dairy indicators

GB daily milk deliveries (7 day rolling average)



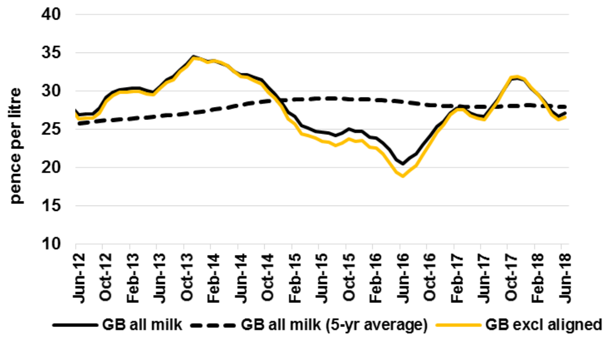
Source: AHDB

Dairy cow feed production - GB



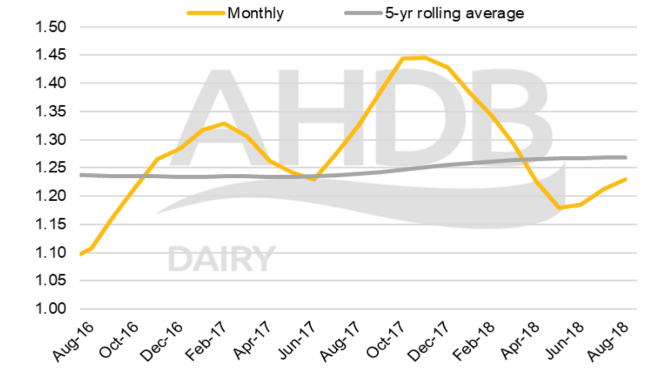
Source: AHDB/Defra

Average farmgate milk price



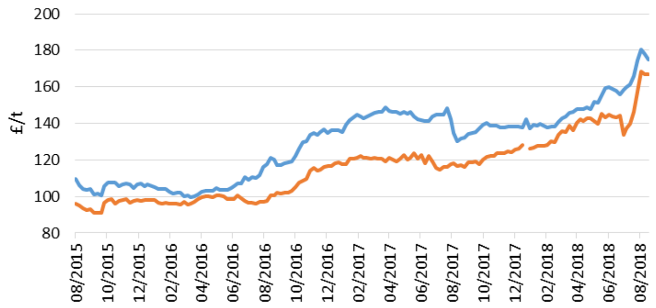
Source: Defra, RESAS, DAERA, AHDB Dairy

Calculated milk to feed price ratio



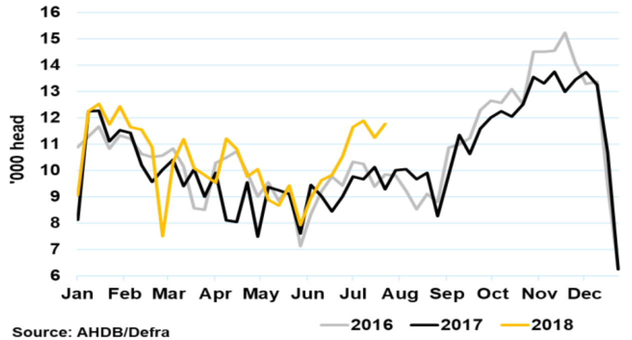
Source: AHDB Dairy, Defra

Ex-farm feed wheat/barley prices - UK



Source: AHDB

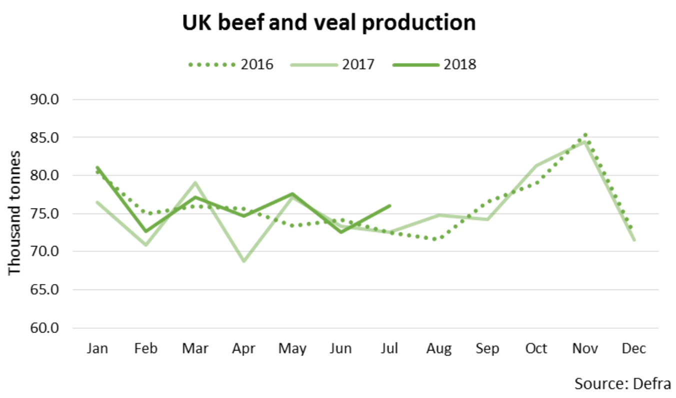
Total GB slaughterings

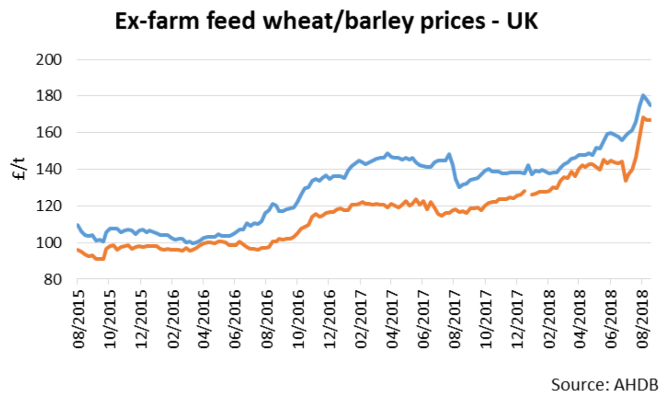


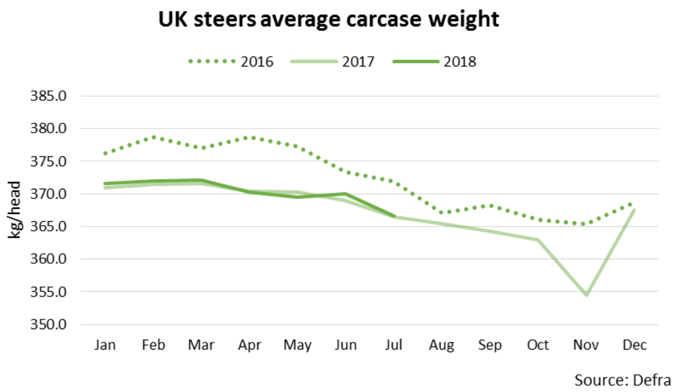
Source: AHDB/Defra

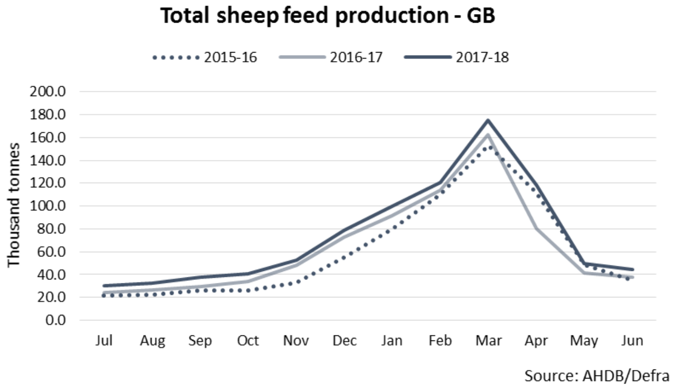
- Milk production fell through the summer, running behind last year but in line with the AHDB forecast.
- Milk yields appear to have held up reasonably well so far, but have been supported by farmers using silage stocks and bought-in feed.
- Concern over reduced silage stocks and rising feed prices, and how this may impact milk production later in the year.
- The milk to feed price ratio has improved over the last couple of months, but is still running below 5-year average. This means feed is less affordable, and will theoretically put downward pressure on yields. If feed prices increase later in the year, farmers will be looking for the market to support those price increases, otherwise milk yields and production could suffer.
- Increase in GB slaughterings through the summer months, although resultant impact on milk volumes is small.
- Concern over effect of heat stress on fertility rates, although we won't know the full impact of this until calving figures are available.

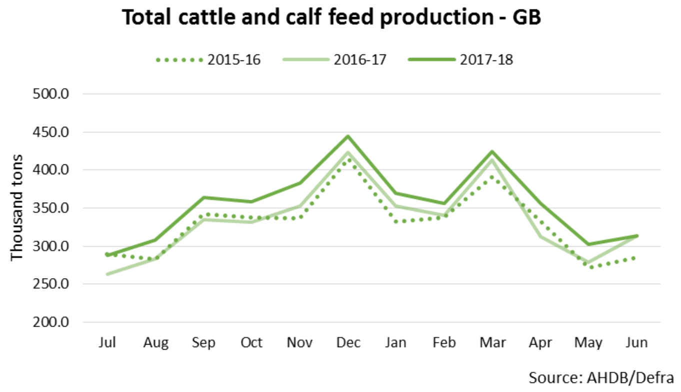
Red meat indicators

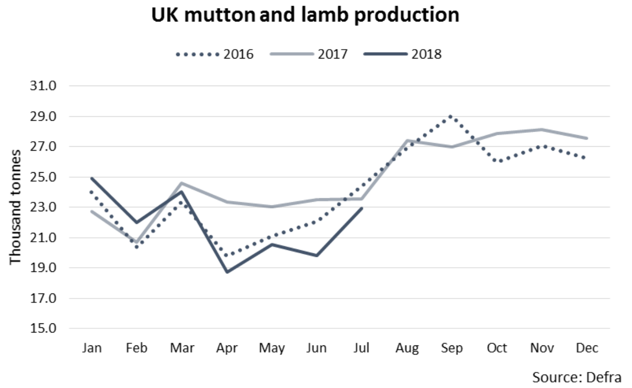










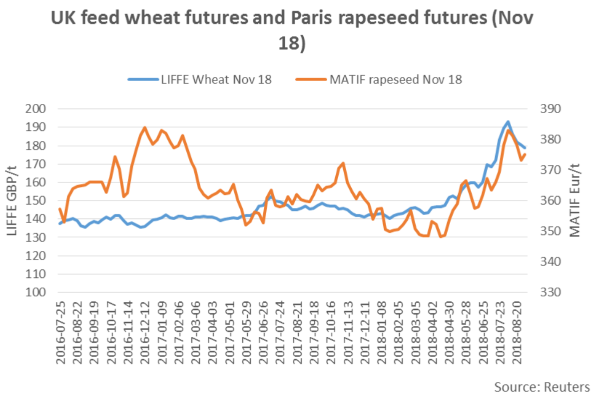


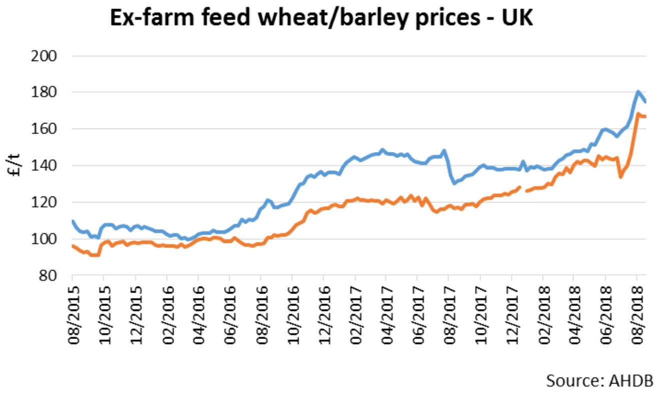
- Little evidence yet of widescale impact on beef and veal production
- Cow slaughter was already elevated, but did increase with the drought
- Although more prime slaughter animals were reported to have been made available, throughputs remained stable due to subdued demand
- These supplies were withdrawn with first substantial pick up in grass growth
- On the whole carcase weights showed little change
- Cattle were fed 1st cut silage, or grazing 2nd cut land so the impact is likely to have been delayed until housing
- For pork, the prior difficult winter conditions were more relevant to supply availability this summer, although production still averaged above year earlier levels for May-July. Carcase weights across this period also still averaged higher than in 2017, despite the potential for hot weather to reduce appetites.
- Looking forwards, there are concerns over the effect of heat stress on fertility levels, which may start to impact production in early 2019
- Concerns remain for all livestock producers about winter feed supplies and cost

PORK

BEEF & LAMB

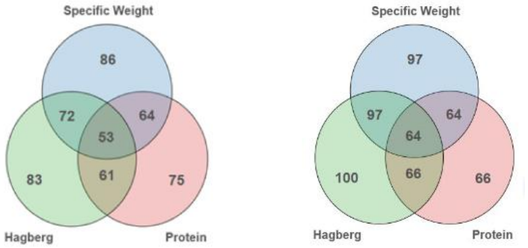
Cereals & oilseeds indicators





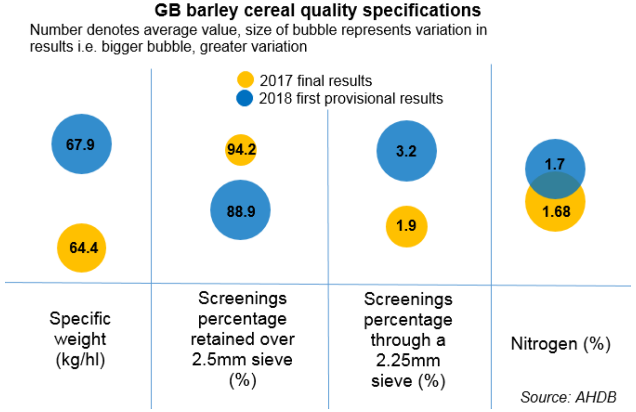
medium quality bread wheat
(Group 1&2, specific weight: 74kg/hl, Hagberg falling number:180s, protein:12.5%)

2017 Final results (GB) 2018 First provisional results (GB)



Sample: 12,827 Sample: 6,317

Source: AHDB



	Yield range t/ha		Harvest progress (as at w/e 14.08.18)
	2017/18	2012/13 - 2016/17	
Winter Wheat	7.7 - 8.0	8.2	80%
Spring Wheat	-	-	20%
Winter Barley	6.8 - 7.0	6.9	100%
Spring Barley	5.1 - 5.5	5.8	35%
Oats	5.2 - 5.4	5.7	75%
OSR	3.3 - 3.5	3.5	95%

Source: AHDB/ADAS

	GB planted area '000 ha		Change y-o-y
	2017	2016	
Winter Wheat	1,761	1,815	-3%
Winter Barley	428	432	-1%
Spring Barley	725	668	9%
English oats	116	102	14%
Scottish oats	35	31	1%
English OSR	520	543	-4%

Source: AHDB*/Defra**

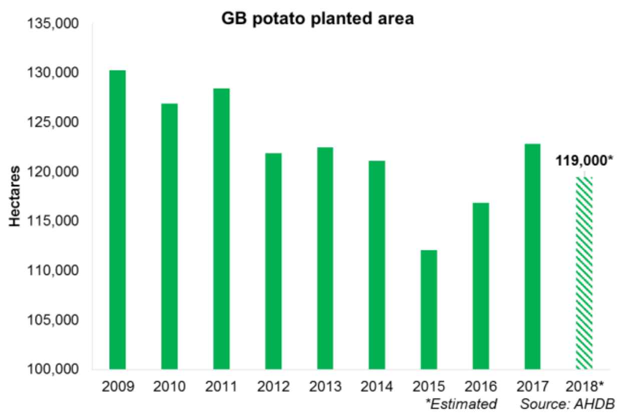
* Planting and Variety Survey

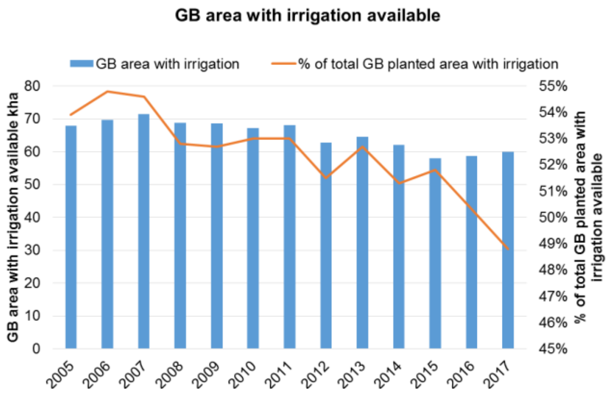
** as at December release

- The rain in both the autumn and spring of the planting window, led to a less than ideal start for crops
- The dry weather in May accelerated growth above the ground, but root structures were lacking for some spring crops
- During the critical yield formation time, the drought conditions were in full force, leading to concerns over yields and quality
- However, the weather also allowed harvest to start up to two weeks earlier than averaged over the past 5 years
- As harvest progressed, yields were variable depending on region and soil type. Crops on heavier land generally fared better, and were close to average. Those on lighter soil felt the greatest effects, with considerable variation in both yield and quality
- As harvest draws to a conclusion, while wheat yields are back a little on the five year average, quality has generally held.
- Barley has proved more challenging for some, with variability in screenings and higher than desired nitrogen levels proving a headache for maltsters
- OSR yields have been back, with reports of growers harvesting in the early hours of the morning to ensure adequate moisture levels
- The pan-European drought, combined with weather concerns in the Black Sea region have supported global prices
- Physical prices have been amplified by the increase in domestic demand, with some livestock dense regions showing more movement

CEREALS & OILSEEDS

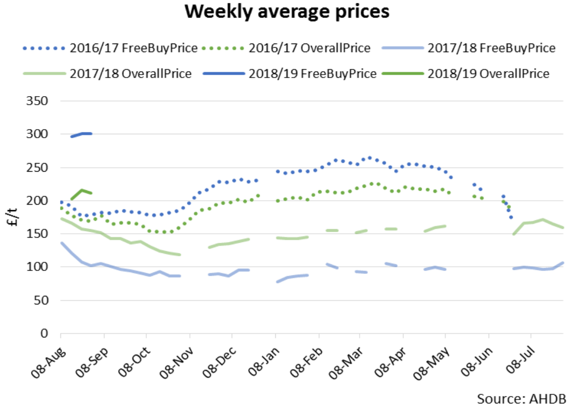
Potatoes indicators

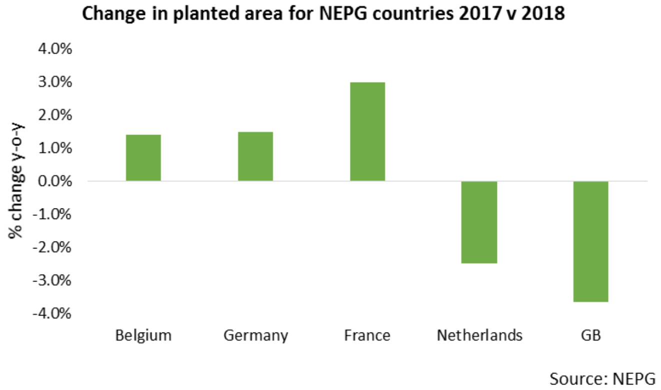


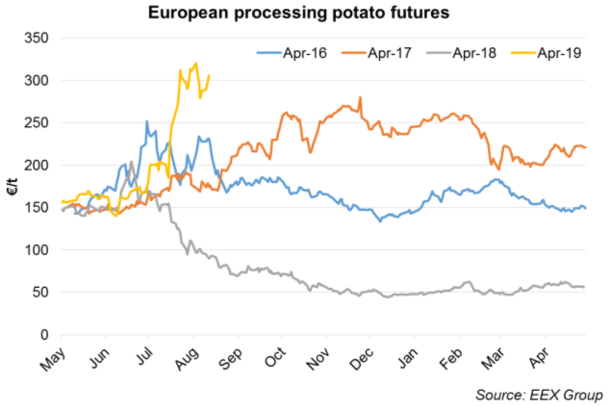


Effect of yields on latest area estimate

If 2018 yield is equal to:	Yield t/ha	Production (Mt)	Year-on-year change
Five year average	47.4	5.7	-6%
Five year average - 1%	46.9	5.6	-7%
Five year average - 5%	45.0	5.4	-11%
Five year average - 10%	42.7	5.1	-16%







- The adverse weather in spring this year negatively impacted the planted area, both delaying planting and impacting the growing conditions of early crop
- This was then compounded by the joint hottest summer on record causing drought conditions for growers
- Data from AHDB planting returns shows that in 2017, only half of the planted area had irrigation available. This is unlikely to have changed considerably for this years growing season
- Reports suggest that those growers who have been able to irrigate have largely mitigated the impact of the dry weather, although yields are still back for some. However, this has reportedly proved a costly and timely process
- For these growers without irrigation available, yields have been negatively affected and skin finish issues are more prevalent (such as common scab). The recent rain has also caused issues such as secondary growth for some
- New crop prices have started strongly this season, with the first free-buy WAPS price for 2018 coming in significantly higher than previous years. Since then, the overall WAPS price has started to fall back a little, although the WAPS free-buy price remains supported through limited supply
- Specific market sectors are being affected in different ways, due to the nature of their requirements. Further information and regular updates can be found in Potato Weekly
- While maincrop lifting has now started, many have been delayed and others are waiting for crops to bulk before starting to lift in earnest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