

“ The latest release of the ‘Forecast of farm incomes in Wales’ publication released by Welsh Government each year provides an insight into long-term trends in farm incomes and market performance. This Market Bulletin will look at the results of the publication for the 2021-22 financial year, along with the impacts of inflation on the sector. ”

Glesni Phillips – Intelligence, Analysis and Business Insight Executive



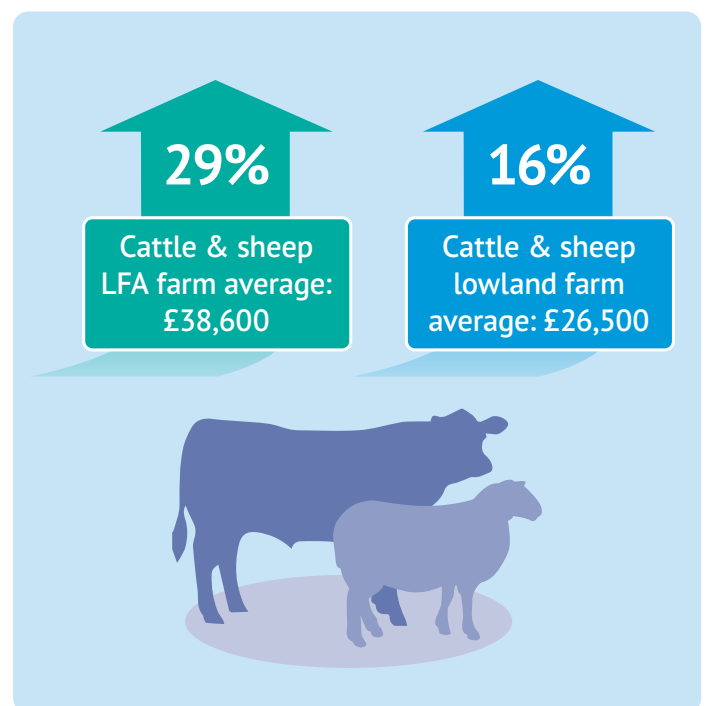
Volatility within the farming sector can lead to large percentage changes in farm incomes between each year. In addition to this, the level of income for a farm business can be influenced by a huge range of factors – such as physical location, economic size of the farm, production costs, whether the business is investing, and the skill set of the business person. Therefore, the farm income averages discussed below will only provide an indication of the sector’s performance, as

variations will exist at farm level. Whilst 2021 recorded firm farmgate prices within both the beef and sheep sectors, farm input costs were on the rise and the sector was still recovering from disruptions to the supply chain caused by Covid-19. This release covers the period March 2021 to March 2022, and therefore any impacts from Russia’s invasion of Ukraine (which began at the end of February 2022) would not be incorporated into these costs and outputs.

Farm Incomes 2021-22

For 2021-22, the average business income for a cattle and sheep farm in less favoured areas (LFA) is forecast to have increased by 29% on the year to £38,600 per farm (at current prices). The average has increased for a third consecutive year following the low recorded in 2018-19, and is the highest average recorded since 2011-12. The rise in income is forecast to be as a result of increased farm output, whilst business costs increased at a slightly lower rate. Both cattle and sheep farmgate prices were unusually strong during 2021, and therefore the result of these strong returns would be incorporated within the timeframe of this publication. There are notable differences between LFA farms, however all have recorded a year-on-year increase in average incomes. For example; the average income for SDA sheep farms is forecast to remain strong and experience an increase of 29% (at current prices) to £51,800 – the highest in several years.

The forecast income for a lowland cattle and sheep farm in Wales is £26,500 for 2021-22 – a 16% increase on the previous year’s figure. This is similar to the average recorded in 2017-18, and is a welcome recovery following a low in 2018-19. The percentage increase is more modest in comparison to LFA farms mainly due to the rise in input costs having greater impact on lowland farms, where costs are up 17% on the year.



Source: Farm Incomes in Wales, Welsh Government, 2021-22

Impact of Inflation

The year 2022 was one of extreme highs in terms of farm input costs, and so the next release of the ‘Forecast of farm incomes in Wales’ publication for the 2022-23 financial year will undoubtedly reflect this. Although the rate of increase may have steadied, the cost of many key farm inputs remains at high levels when compared to historical averages. For example:

- The UK red diesel average for December 2022 stood at 106.7ppl – up 29p on the year (source: AHDB).

- Current price for big bales of hay is some 20% higher than year-earlier levels.
- Diammonium Phosphate (DAP) fertiliser is around 13% higher than year-earlier levels.

As the cost-of-living crisis puts pressure on household expenditure and impacts consumer shopping habits, the red meat sector is faced with continuous challenges.



* NEW ‘BETWEEN THE LINES’ REPORT *

HCC have recently released a report which highlights the current supply of lamb, along with the potential future supply on the UK market. The full report, ‘Lamb Supply – Update and Outlook’ can be downloaded from the HCC website here: <https://meatpromotion.wales/en/news-industry-info/market-analysis>



Monthly Market Round-Up

CATTLE

Prices – week ending 21st January

The prime cattle average price at auction markets in England and Wales stood at **256.6p/kg**. This was:

- + 3.8p on the previous week,
- + 26.8p compared with year-earlier levels,
- 65.2p higher than the 5-year average (2018-22 average: 191.4p/kg).

The average deadweight prices in England and Wales for steers stood at **453.0p/kg**. This was:

- + 4.5p on the previous week,
- 45.6p above year-earlier levels.

The deadweight prices for heifers stood at 450.0p/kg (+4.0p on the week), young bulls at 435.7p/kg (+2.8p), and cull cows at 354.6p/kg (+2.9p).

Throughput – December 2022

- Total cattle throughput at UK abattoirs = 231,300 head – up 9% on the year
- Total prime cattle throughput = 161,700 head – up 9% on the year.
 - steers +8%, heifers +9%, and young bulls +8%.
- Average prime cattle carcass weights = 342.1kg (-3.3kg on the year).
- Adult cattle throughput = 61,900 head – up 8% on the year.

SHEEP

Prices – week ending 21st January

The prime lamb average liveweight SQQ at auction markets in Wales stood at **232.8p/kg**. This was:

- + 9.9p on the previous week,
- - 28.5p compared with year-earlier levels,
- 13.2p higher than the 5-year average (2018-22 average: 219.6p/kg).

Cull ewe prices at auction markets in Wales averaged **£64.80/head**. This was:

- - £2.10 on the previous week,
- £17.00 below year-earlier levels.

GB deadweight lamb prices averaged 502.5p/kg (-17.6p on the week).

Throughput – December 2022

- Total sheep throughput at UK abattoirs = 1.3 million head – up 4% on the year.
- Lamb throughput = 1.2 million head – up 5% on the year.
- Average lamb carcass weights = 19.5kg (-0.3kg on the year).
- Cull ewe and ram throughput = 106,100 head – down 7% on the year.

PIGS

Prices – week ending 14th January

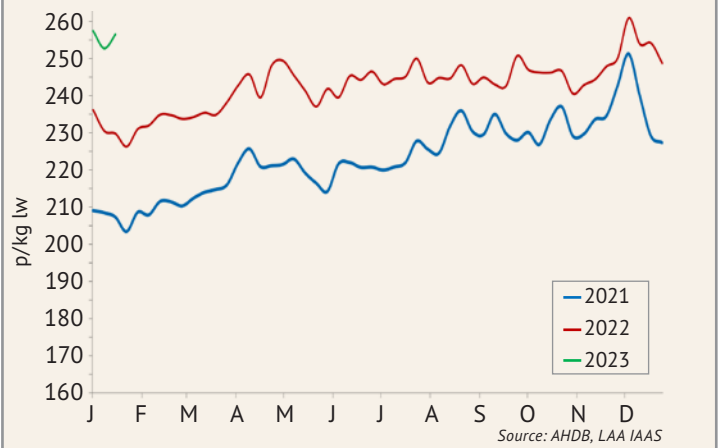
The EU-spec All Pig Price (APP) in GB stood at **205.3p/kg**. This was:

- + 0.5p on the previous week,
- + 59.2p compared with year-earlier levels,
- 54.2p higher than the 5-year average (2018-22 average: 151.1p/kg).

Throughput – December 2022

- Total pig throughput at UK abattoirs = 902,700 head – down 7% on the year.
- Clean pig throughput = 884,700 head – down 7% on the year.
- Average clean pig carcass weights = 87.6kg (-3.3kg on the year)
- Sow and boar throughput = 18,000 head – down 21% on the year.

Prime cattle prices at auction markets in England and Wales



UK Beef & Veal
Production
December '22

74,800 tonnes
+7% y-o-y



Prime lamb (SQQ) prices at auction markets in Wales

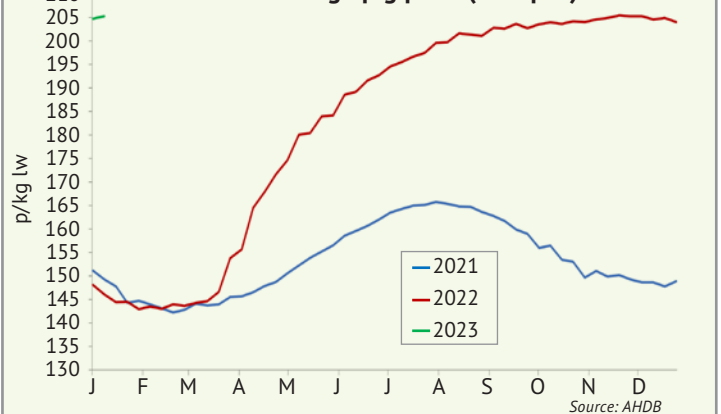


UK Sheep Meat
Production
December '22

26,000 tonnes
+1% y-o-y



GB Average pig price (EU-Spec)



UK Pork
Production
December '22

80,100 tonnes
-11% y-o-y

