

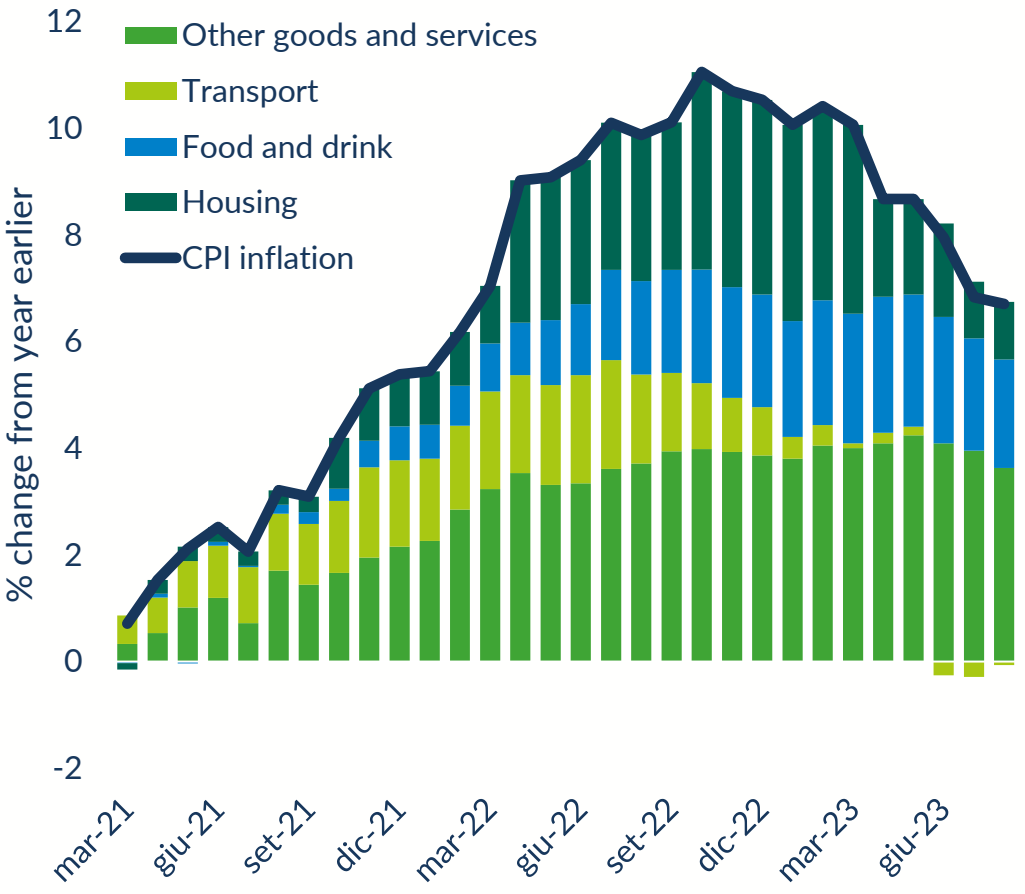
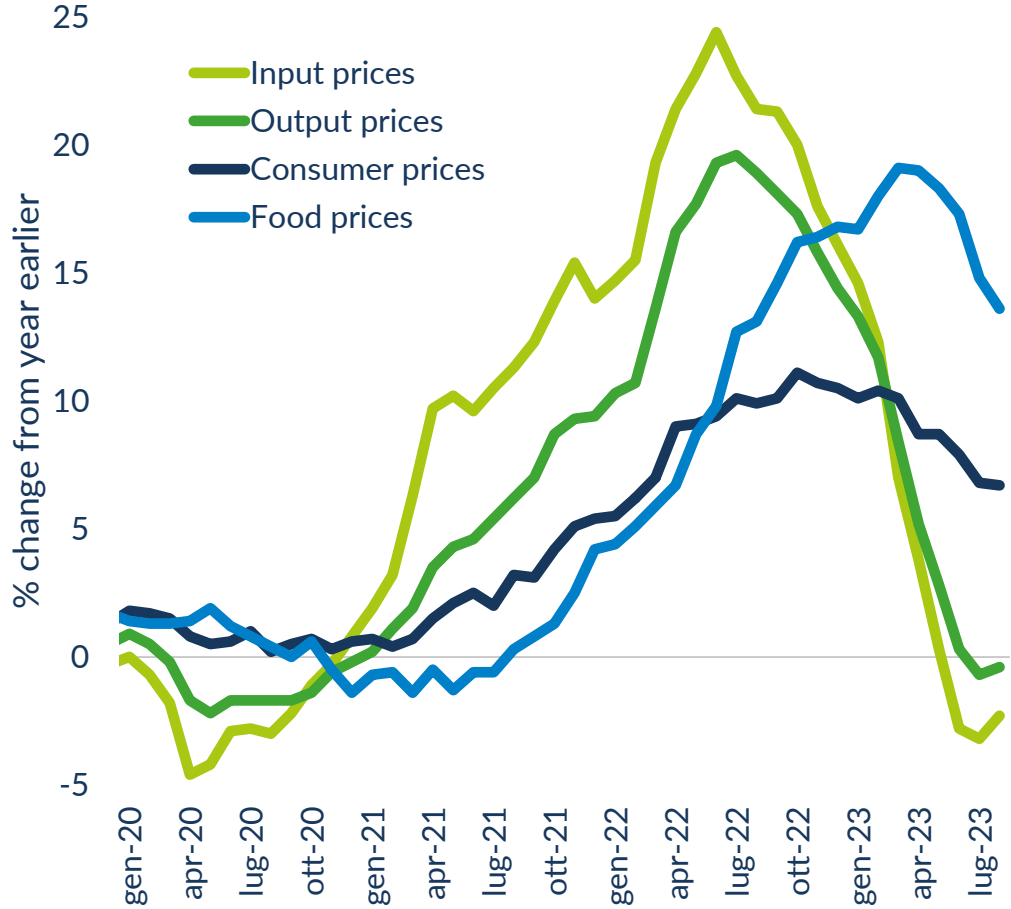


UK COUNTRY REPORT

Agrievolution Economic Committee

18 October 2023

Inflation coming down but not out of the woods yet, despite falling input and factory gate prices

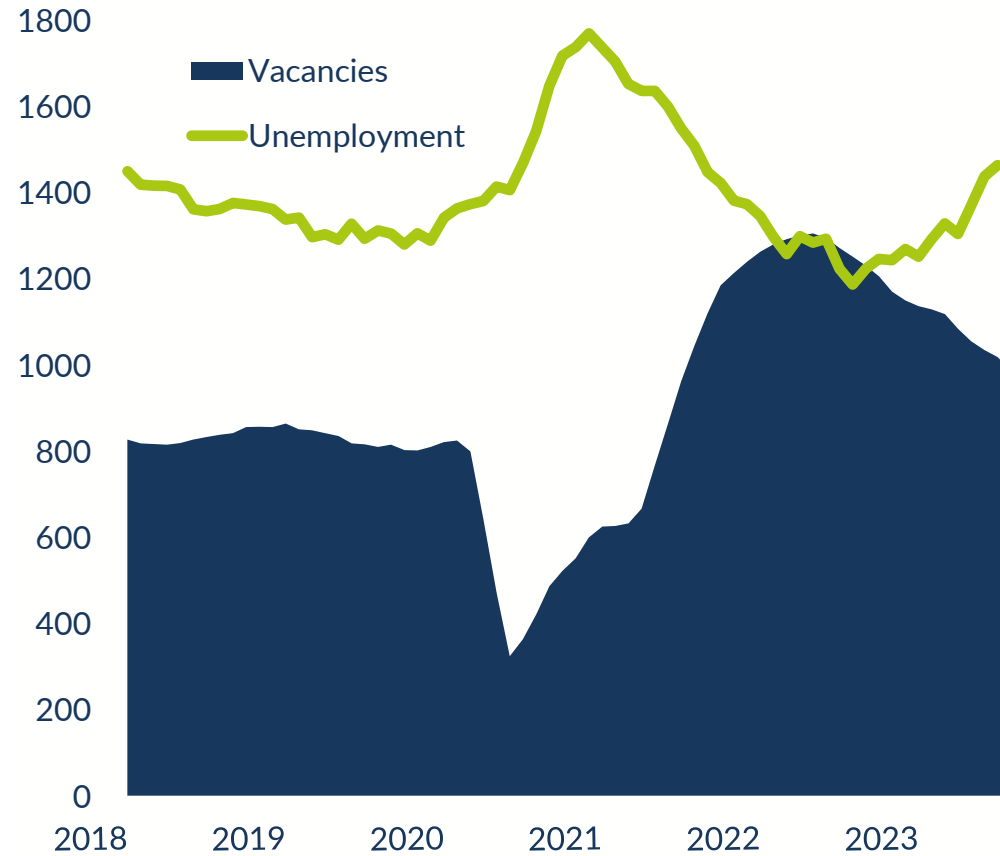
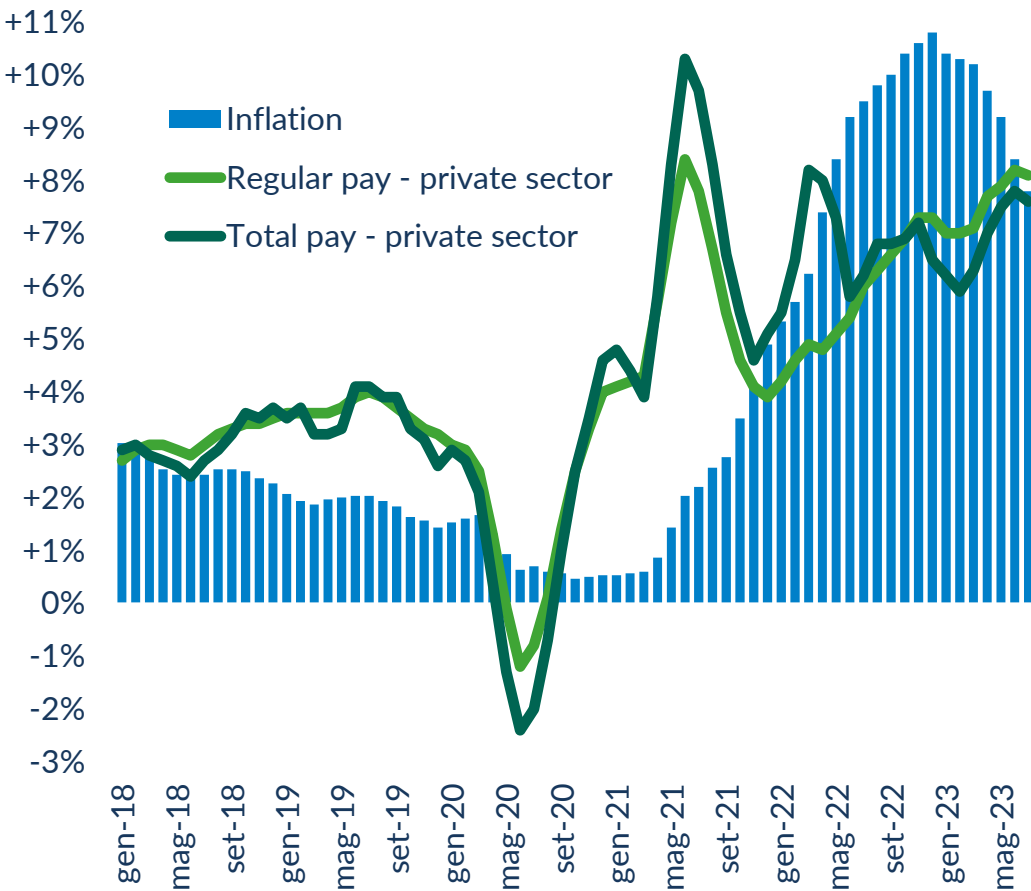


Left Chart: UK monthly Consumer and Producer Price inflation rates
 Source: Office for National Statistics

Right Chart: UK monthly inflation rates for selected inputs to production and outputs of agricultural machinery for UK market
 Source: Office for National Statistics



Increasing wages also keeping prices rising as labour market remains relatively tight



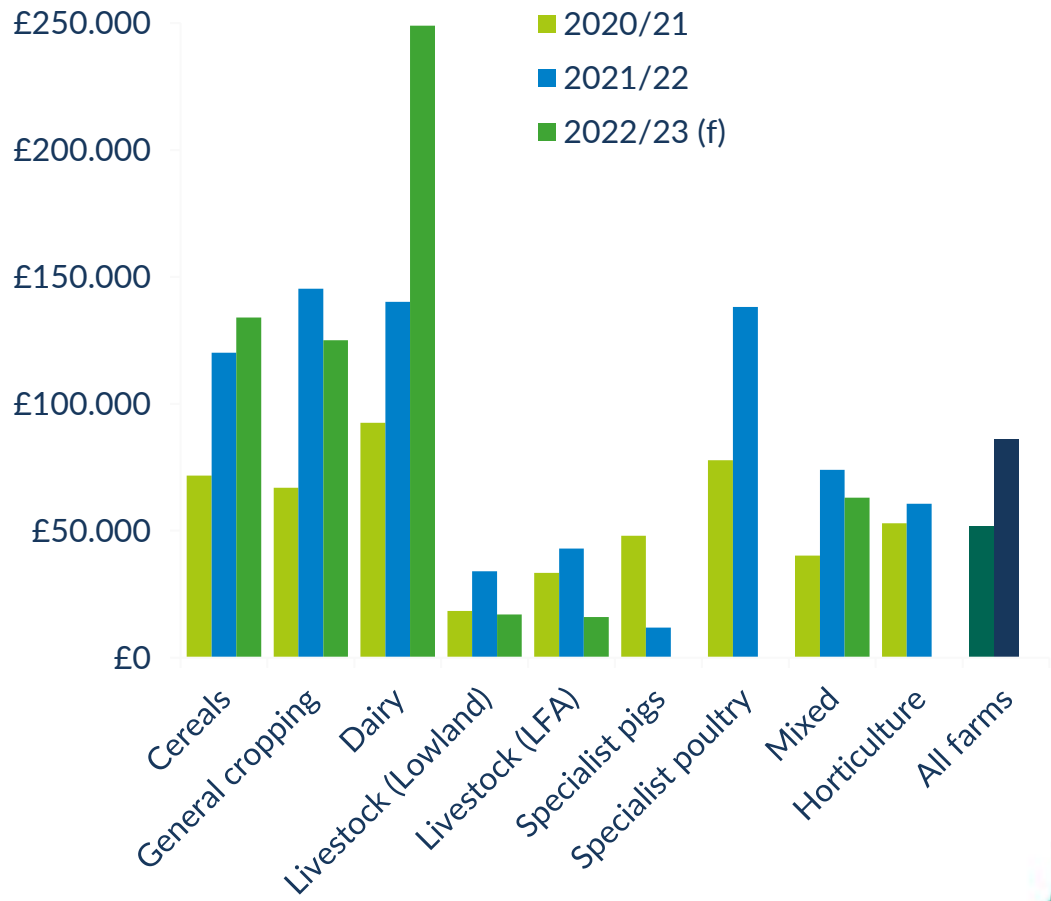
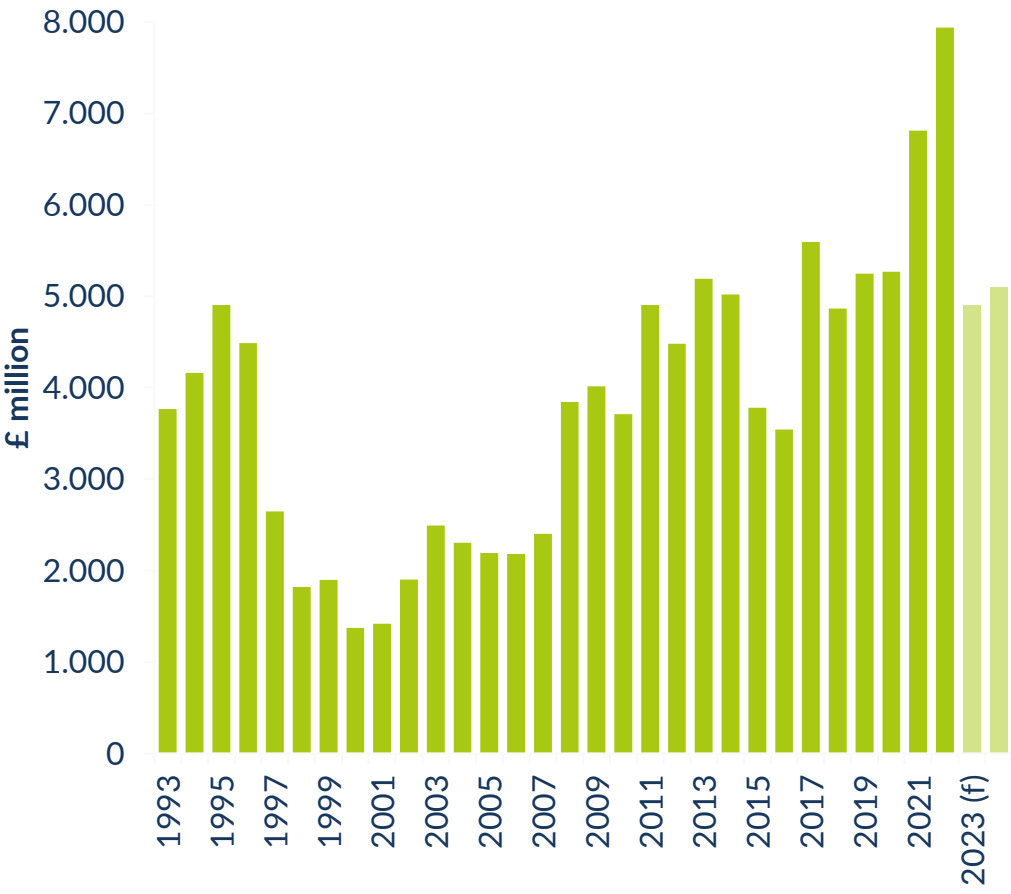
Left Chart: Annual growth in average weekly earnings in the UK private sector

Source: Office for National Statistics

Right Chart: Number of job vacancies and unemployment in the UK, three months ending

Source: Office for National Statistics

Farm incomes hit record highs in 2021 & 2022 but set to be lower in 2023 & 2024, especially for arable/dairy



Left Chart: Actual and projected Total Income From Farming (i.e. net profit of UK agriculture)

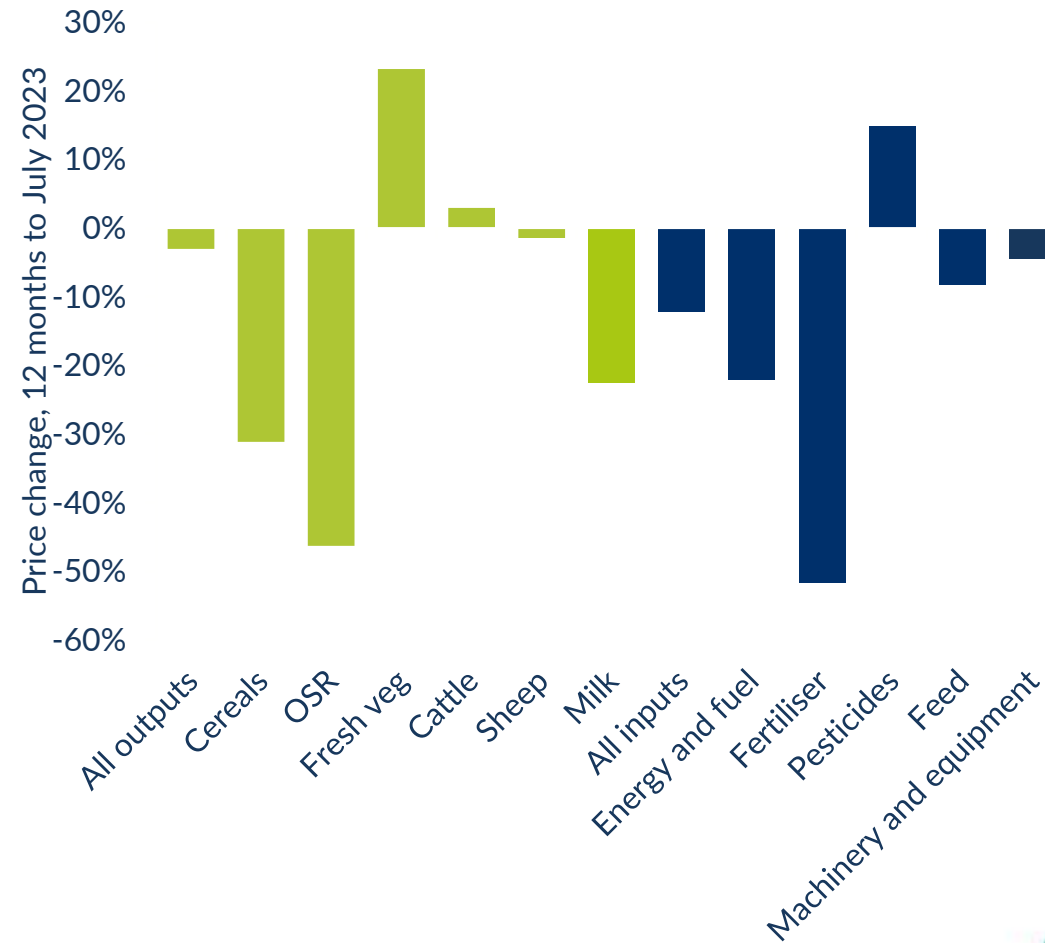
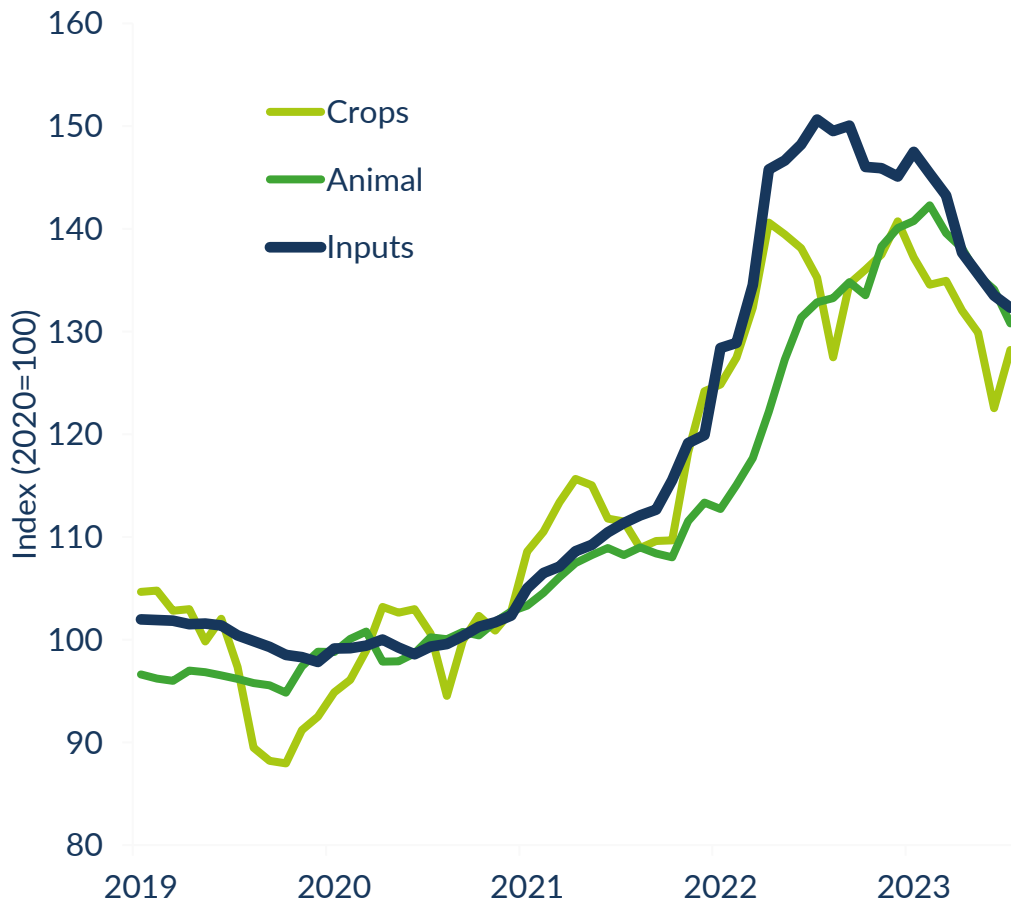
Source: DEFRA/Andersons

Right Chart: Farm Business Income in England (i.e. average profit of English farms)

Source: DEFRA



Output and input prices falling at similar rate in recent months but mixed picture for different farm types



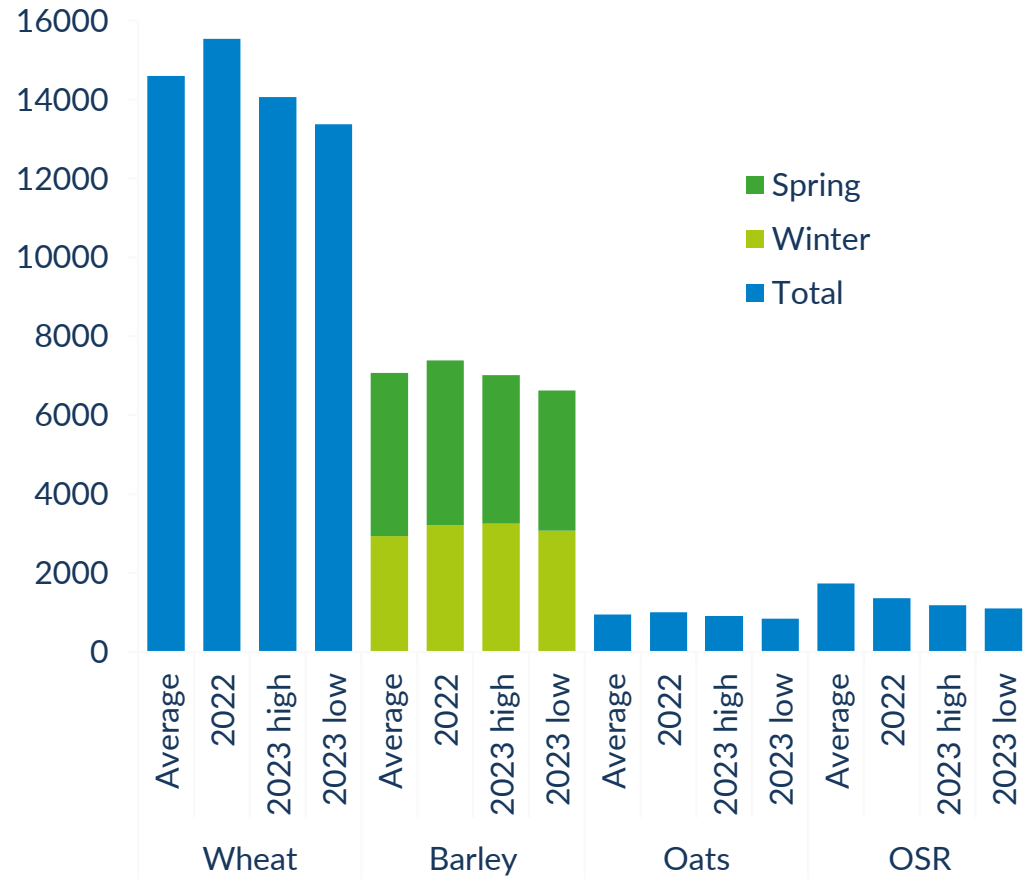
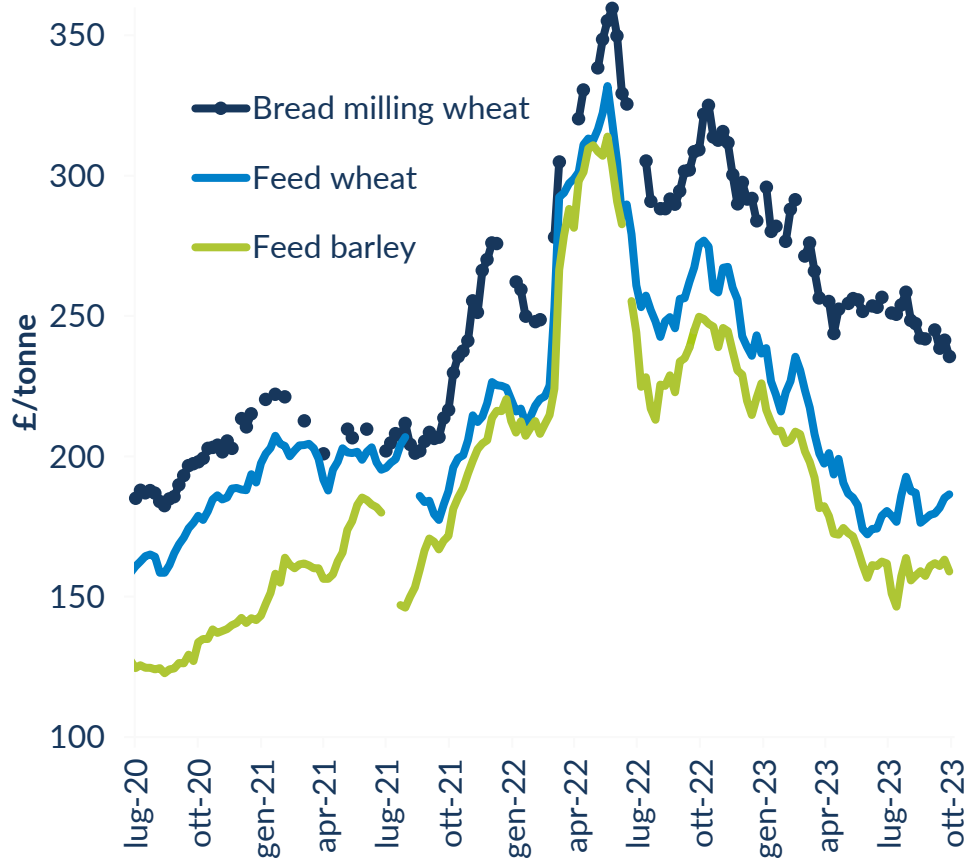
Left Chart: Agricultural price indices

Source: DEFRA

Right Chart: Change in prices for selected outputs and inputs, July 2022 to July 2023

Source: DEFRA

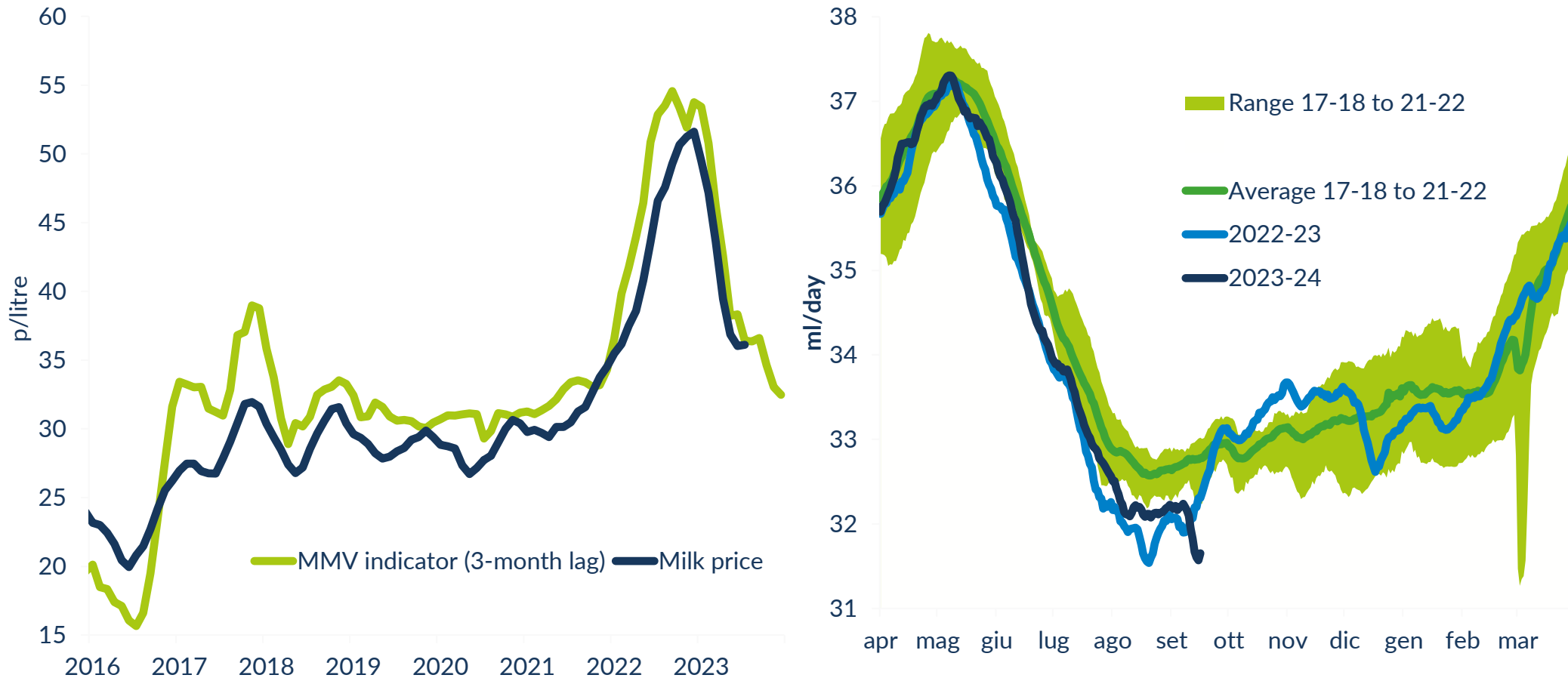
Domestic grain prices still firm but well below last year, as most crops set to be smaller than average



Left Chart: UK ex-farm prices for selected cereal products
 Source: AHDB Cereals & Oilseeds (Corn Returns)
 Right Chart: Projected UK production of grains and oilseeds
 Source: Defra, AHDB Cereals & Oilseeds



Milk prices coming down fast despite low home milk production, as world demand weakens



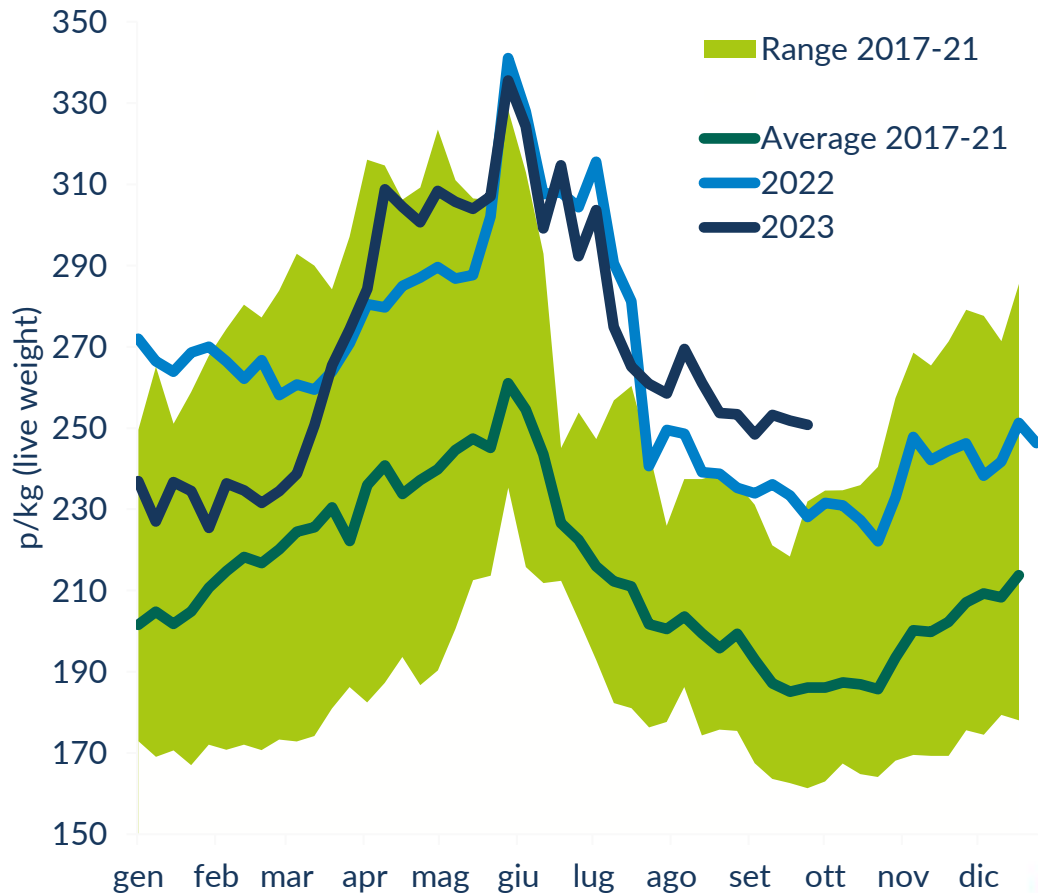
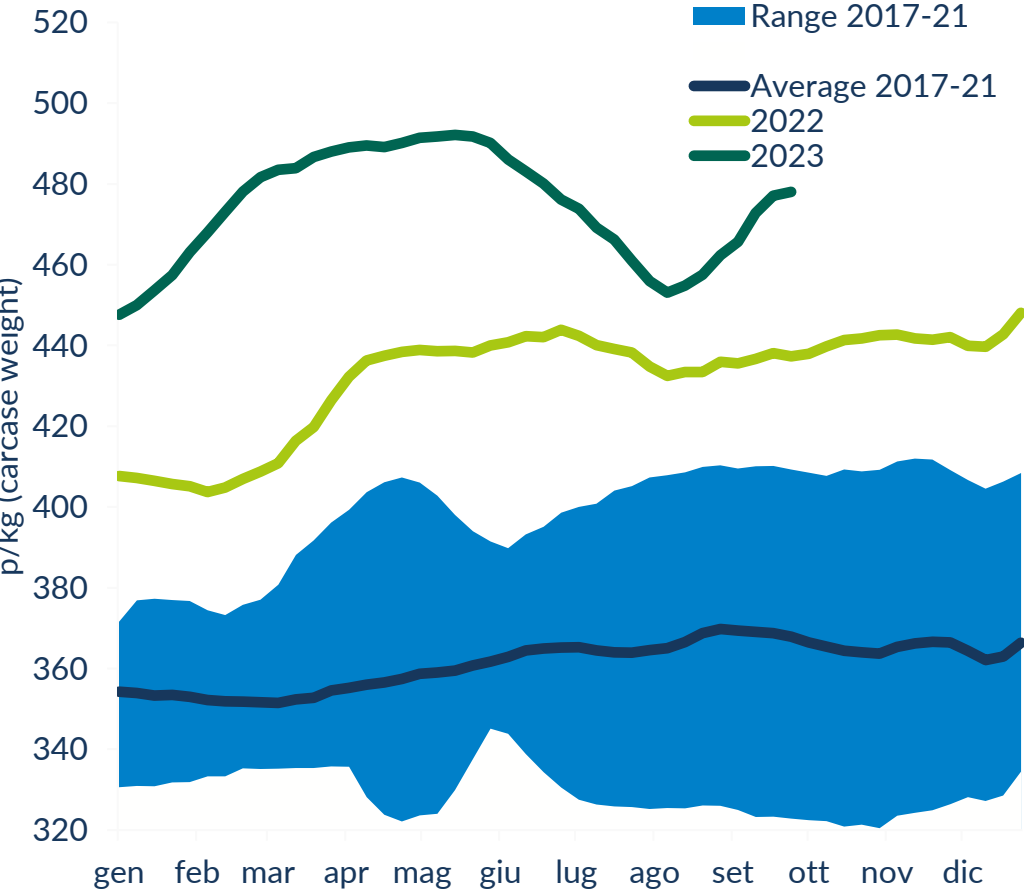
Left Chart: Average UK farmgate milk price (actual and projected) and Milk Market Value indicator

Source: DEFRA/AHDB Dairy

Right Chart: GB daily milk deliveries to dairies (rolling 7-day average)

Source: AHDB Dairy

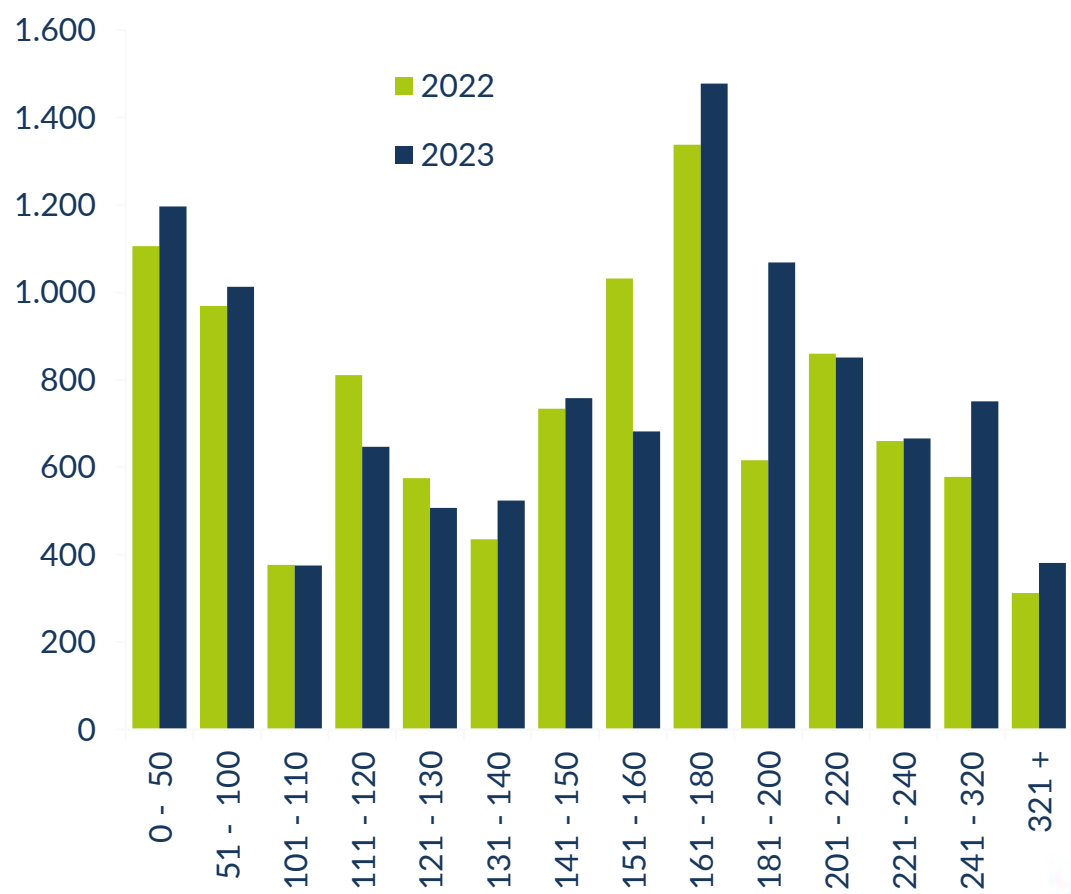
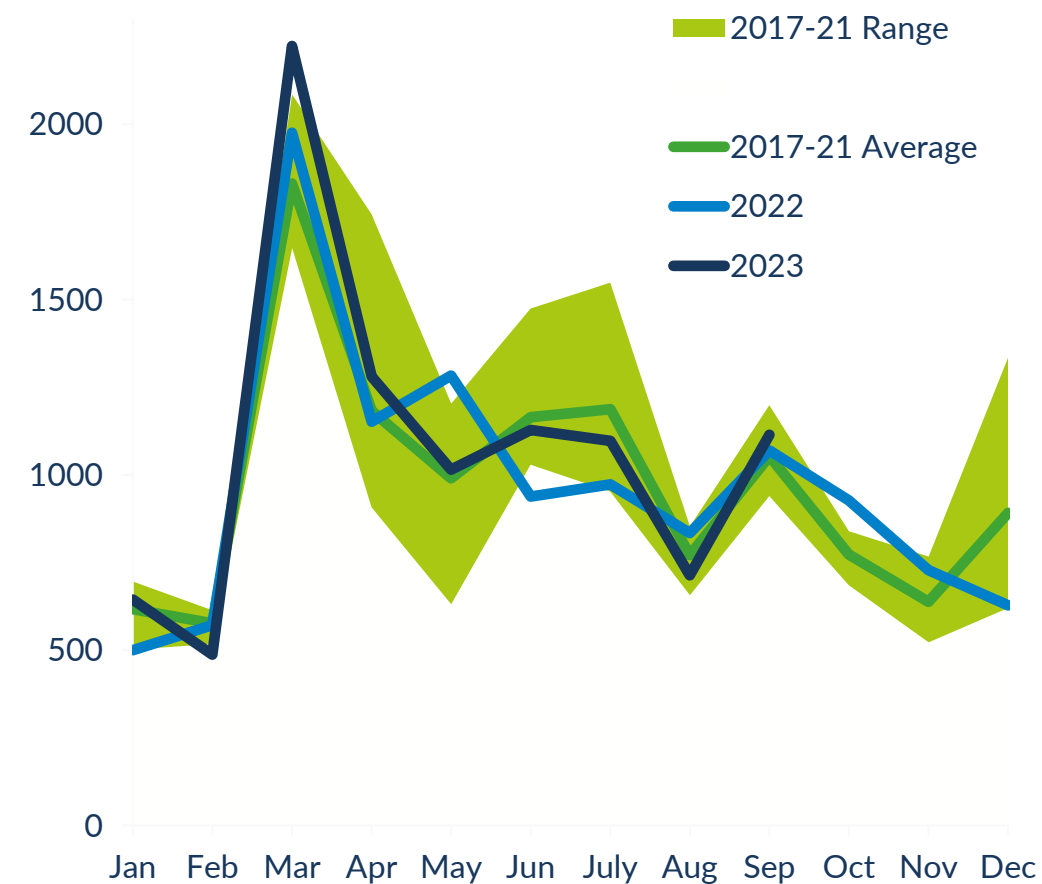
Livestock prices remain at historic highs, despite no dramatic fall in number of animals



Left Chart: Average GB price for prime cattle (deadweight/carcase price)
 Source: AHDB Beef & Lamb
 Right Chart: Average GB price for lambs (live weight)
 Source: AHDB Beef & Lamb



Tractor registrations mostly running ahead of 2022, with growth mainly for higher powers



Left Chart: Monthly UK registrations of agricultural tractors (over 50hp)

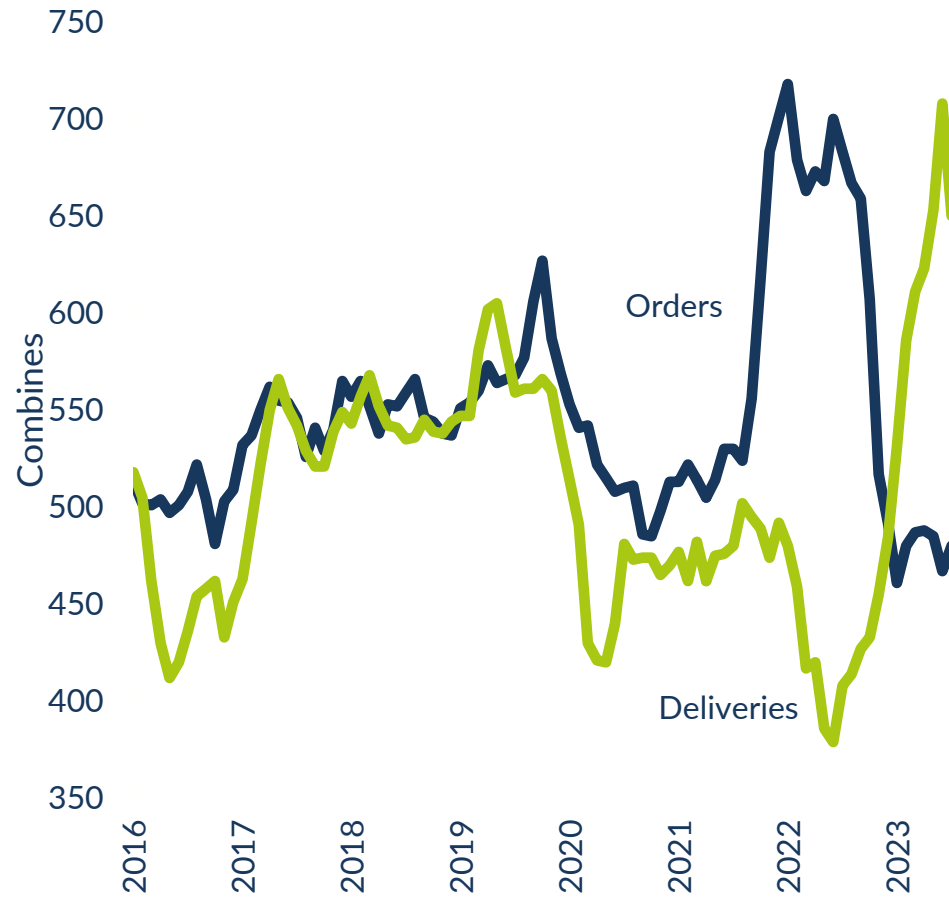
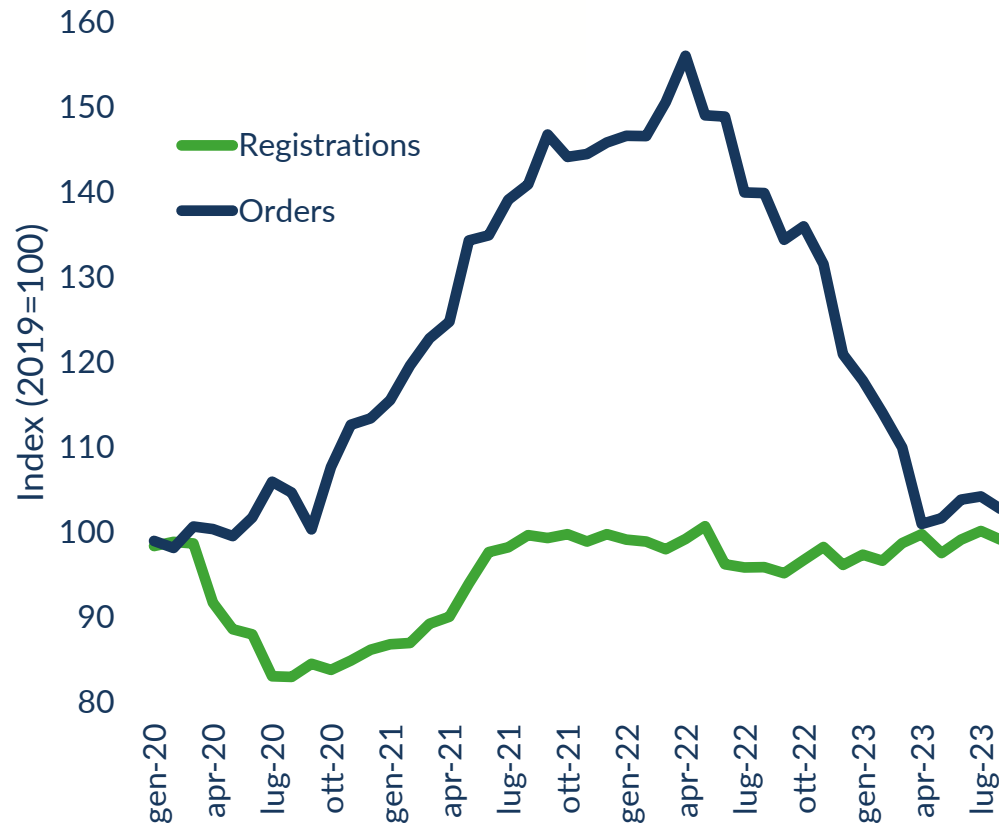
Source: AEA/DVLA

Right Chart: UK registrations of agricultural tractors by power band, January - September

Source: AEA/DVLA



Tractor and combine orders running ahead of supplies in 2021-22, now deliveries starting to catch up



Left Chart: Comparison of moving annual totals of orders for and registrations of agricultural tractors

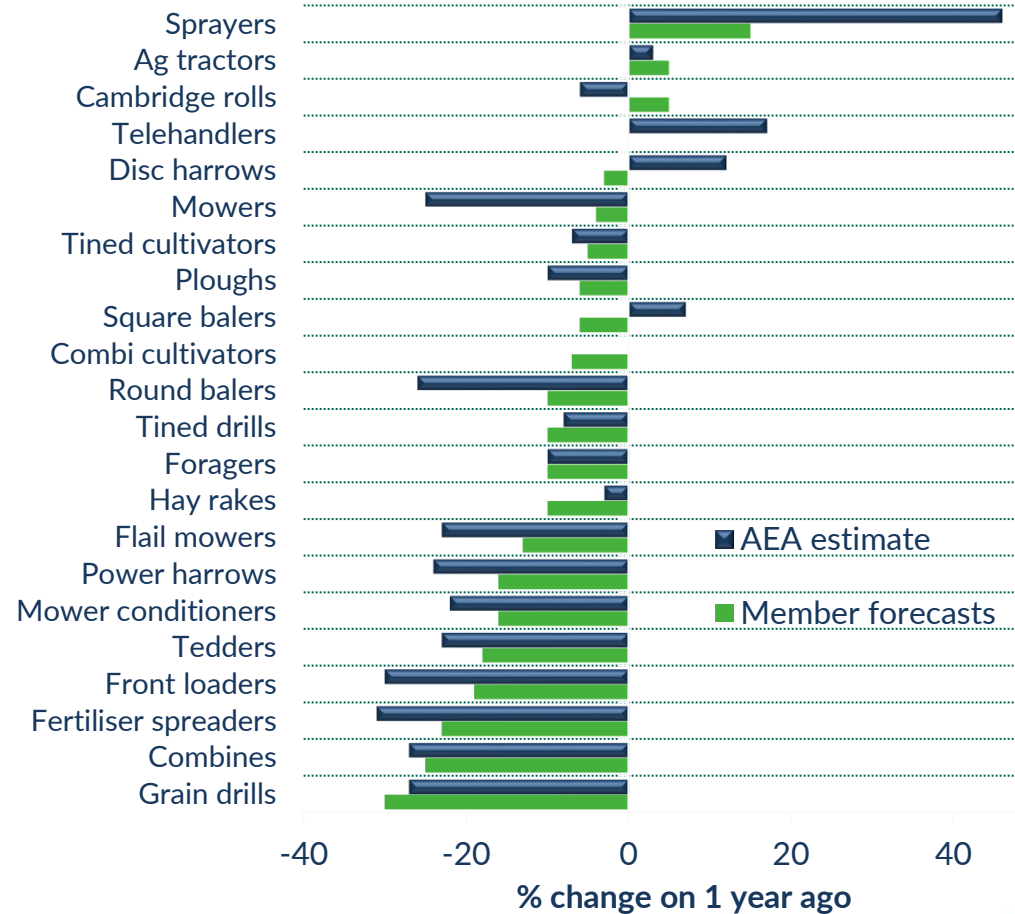
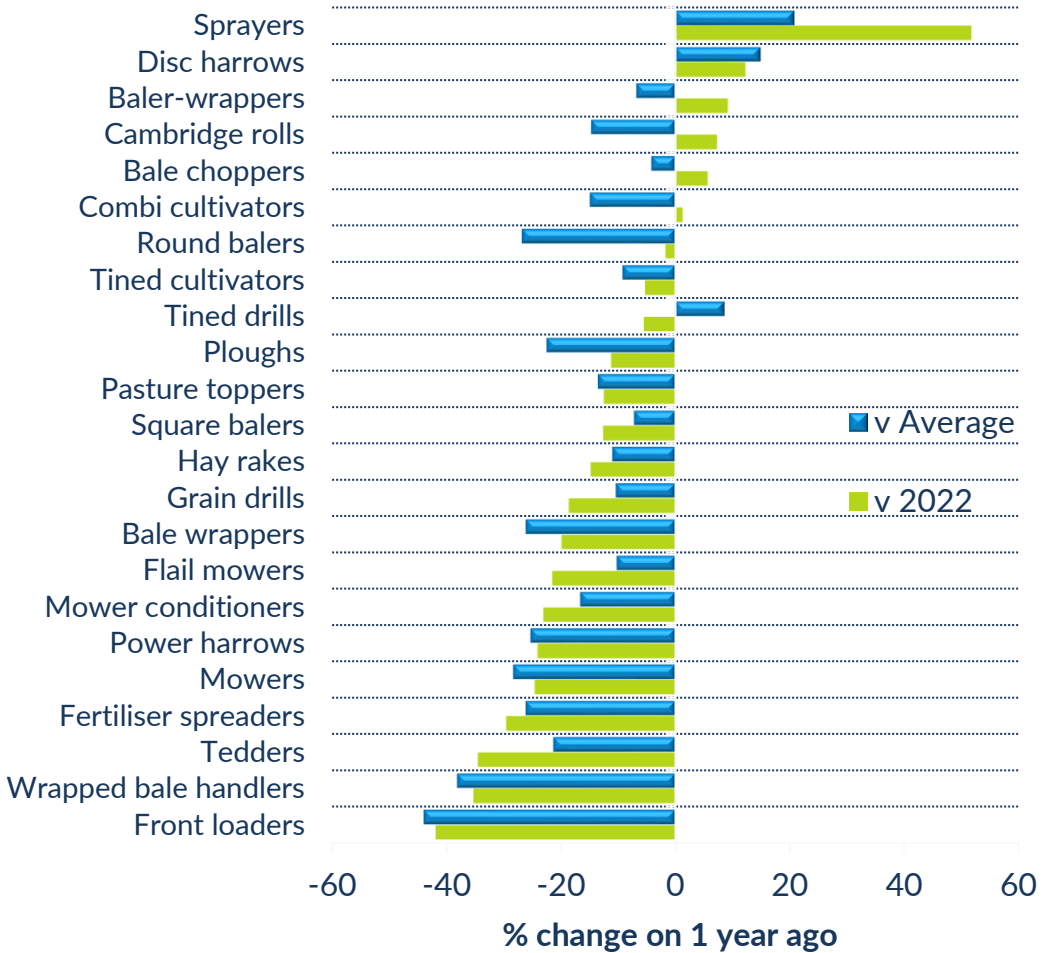
Source: AEA

Right Chart: Comparison of moving annual totals of orders for and wholesale deliveries of combine harvesters

Source: AEA



Machinery deliveries running below average in first half of 2023, with same trend expected to continue



Left Chart: Annual change in deliveries of agricultural machinery Jan-August 2023 v 2022 & 5-year average

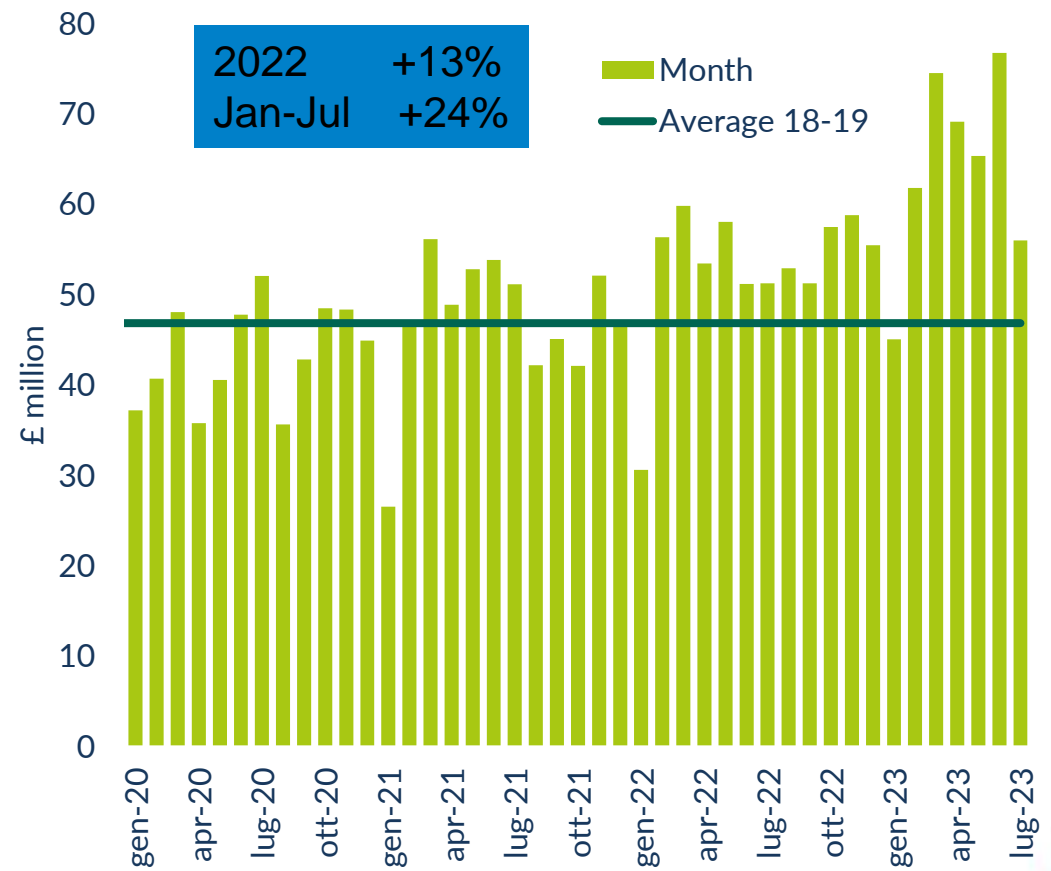
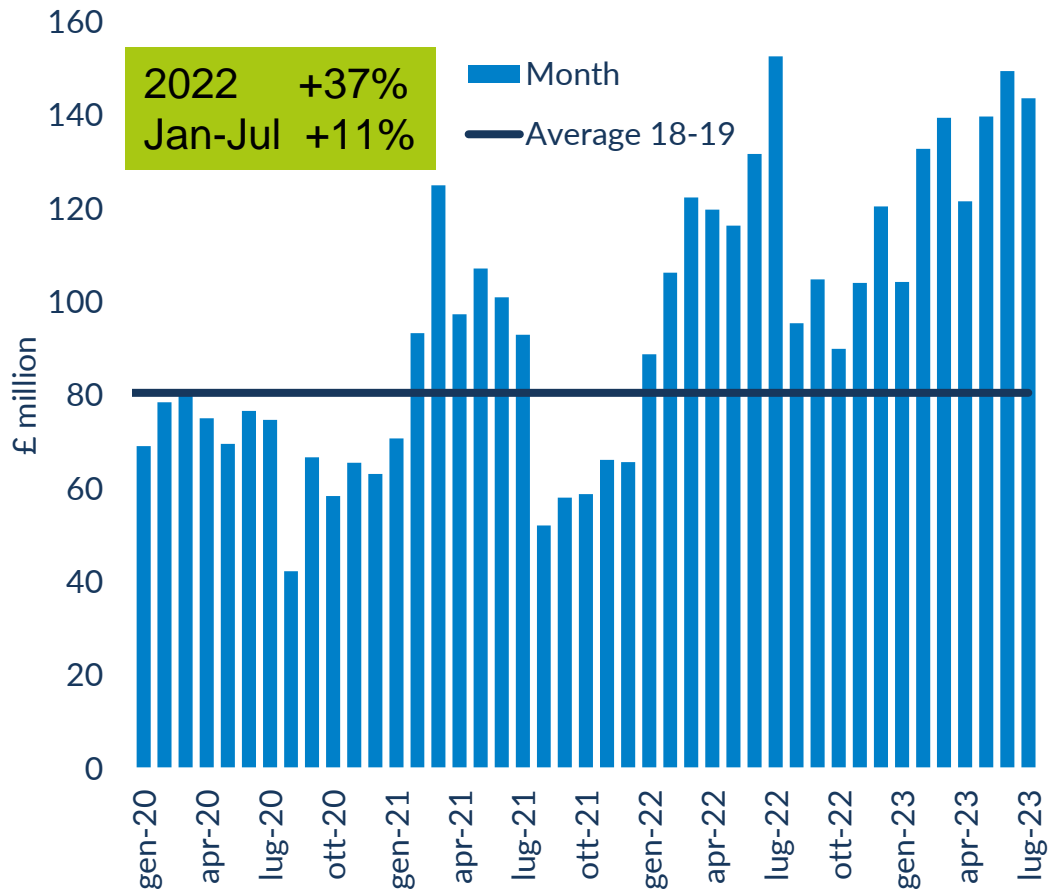
Source: AEA

Right Chart: Forecast annual change in deliveries of agricultural machinery, 2022-2023

Source: AEA



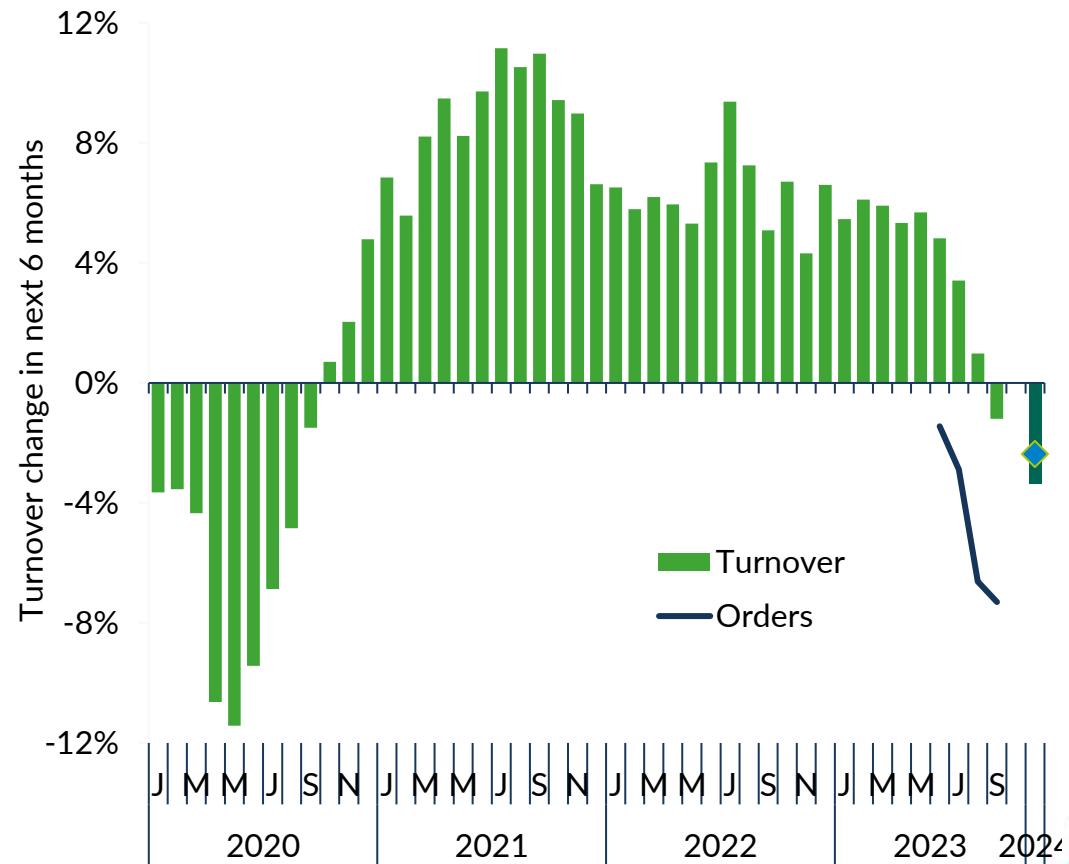
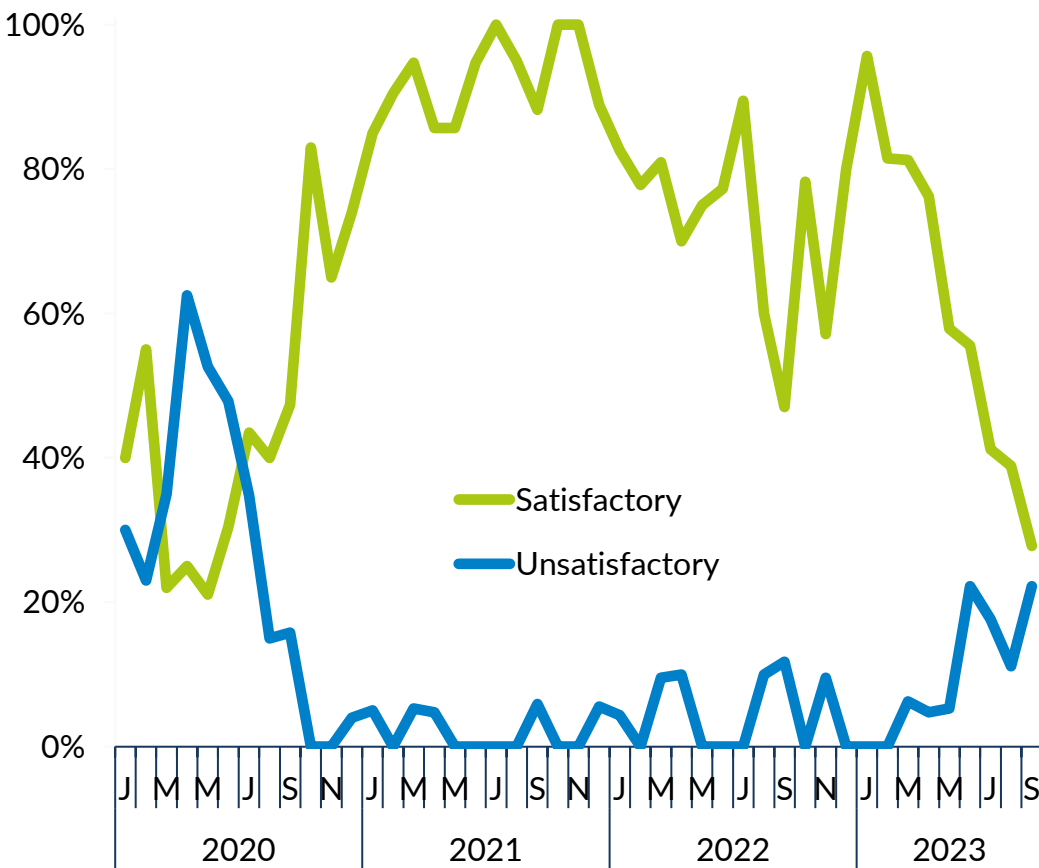
Value of imports and exports of farm machinery remain strong with March a record month for trade



Left Chart: Value of UK imports of farm machinery, excluding tractors
 Source: Office for National Statistics
 Right Chart: Value of UK exports of farm machinery, excluding tractors
 Source: Office for National Statistics



Industry sentiment worsening but still positive balance even though turnover set to fall in coming months



Left Chart: Assessment of current business environment

Source: AEA Farm Equipment Barometer

Right Chart: Average expectation for annual change in UK turnover in coming 6 months

Source: AEA Farm Equipment Barometer

Overall conclusions

- UK farming has been through two good years but looking tougher for 2023 and beyond, especially for arable and dairy
- Machinery market still affected by supply chain disruptions of 2021 and 2022, although now getting back to normal
- New orders for farm machinery have reduced but still within range seen in previous years
- Economic and political environment difficult – with volatile prices, shortage of labour and heightened uncertainty all affecting investment decisions



THANK YOU FOR YOUR ATTENTION

Any questions?