

“ 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 2022-23 financial year in more detail. ”

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 nature of the business. Therefore, the farm income averages discussed below will only provide an indication of the sector’s performance, as variations will exist at farm level.

This release covers the period **April 2022 to March 2023**, and therefore coincides with the war in Ukraine (which began at the end of February 2022) and the cost-of-living crisis - both of which have had a considerable impact on farm businesses in Wales. The data indicates that **farm input costs rose by an average of 15%** year-on-year across all farm types, which has impacted on overall profitability.

FARM INCOMES 2022-23



Source: Farm Incomes in Wales, Welsh Government, 2022-23

For 2022-23, the average business income for a cattle and sheep farm in less favoured areas (LFA) is forecast to have decreased by 37% on the year to **£24,300 per farm** (at current prices). This fall follows three consecutive years of increases for this farm type. The notable year-on-year decrease is a result of farm business output falling by an average of 8%, combined with business costs rising by 3%. Both cattle and sheep farmgate prices were strong during the time period, however the figures reveal this was not enough to compensate for the increased cost of production experienced within the timeframe of this publication. There are notable differences between LFA farms, however, all have recorded a year-on-year decrease in average incomes. For example; the average income for SDA sheep/beef farms is forecast to have experienced a 33% decrease (at current prices) to £18,600.

The income for a lowland cattle and sheep farm in Wales is forecast at **£18,700** for 2022-23 – a 30% decrease on the previous year’s figure. The figures indicate that the rise in input costs had a greater impact on lowland farms, where costs were up 13% on the year. Due to this, the 5% increase in farm output for lowland farms was not enough to offset the rise in farm costs.

IMPACT OF INFLATION

Farm input costs reached extreme highs in 2022, and therefore it was expected that the 2022-23 publication results would reflect this. The challenges with increased inflationary costs have been seen across the supply chain, with elements such as staff, utilities, fuel, insurance and business rates all impacting on business profitability. Staffing issues have been known to the sector for a considerable time, with increases in the National Minimum Wage putting pressure on the ability of businesses to retain staff. As of 01 April 2024, the National Minimum Wage will increase to £11.44/hour (for staff 21 years and over) – which is an increase of almost 60% since 2016. Such inflationary uplifts put additional pressures on the supply chain. The sector is also continuing to face challenges from the demand side of the supply chain too, as the cost-of-living crisis puts pressure on household expenditure and impacts consumer shopping habits.

What does this mean for industry?

Although farm input cost increases have steadied somewhat in recent months, levels for many remain elevated. As the data from the publication indicates; many farms across Wales have experienced a difficult businesses environment as of late. This will continue to impact business decisions moving forward.

Monthly Market Round-Up

CATTLE

Prices – week ending 17th February

The average deadweight prices in England and Wales for steers stood at **494.9p/kg**. This was:

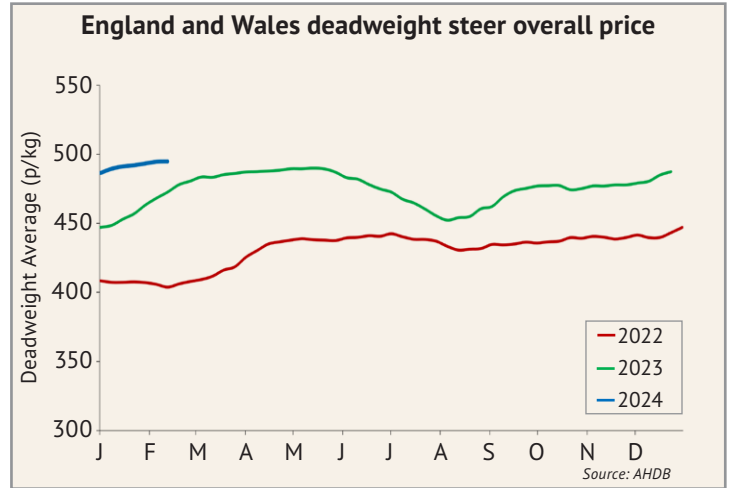
- + 0.2p on the previous week,
- 22.3p above year-earlier levels.

The deadweight prices for other cattle categories were as follows -

- Heifers: 490.7p/kg (-0.4p on the week),
- Young bulls: 473.5p/kg (-0.6p on the week), and
- Cull cows: 343.0p/kg (-0.1p on the week).

Throughput – January 2024

- Total cattle throughput at UK abattoirs = 243,700 head – up 4% on the year.
- Total prime cattle throughput = 177,800 head – up 4% on the year.
 - steers +3%, heifers +4%, and young bulls +4%.
- Average prime cattle carcass weights = 345.7kg (+2.6kg on the year).
- Adult cattle throughput = 59,300 head – up 8% on the year.



UK Beef & Veal Production
January '24

80,700 tonnes
+5% y-o-y



SHEEP

Prices – week ending 17th February

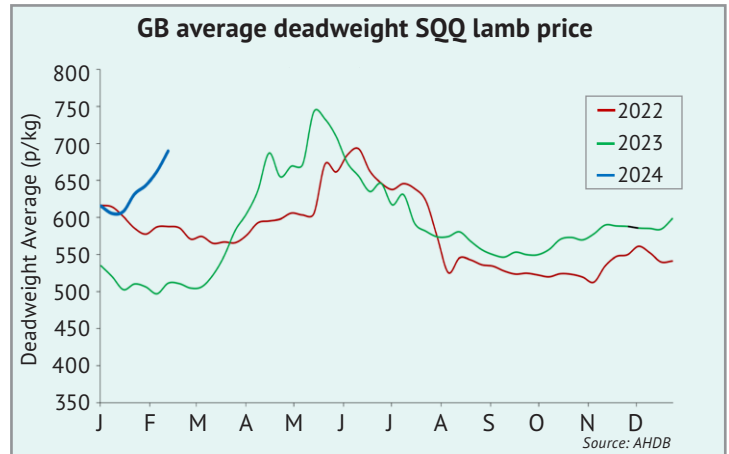
The deadweight lamb price in GB averaged 689.9p/kg. This was:

- + 27.7p on the previous week
- Numbers coming forward reached 35,000 head. This was:
- + 3% on the previous week, and
 - - 11% compared with year-earlier levels

Note: Due to change in methodology of GB deadweight survey (from 25/11/2023) we recommend caution when making historical comparisons.

Throughput – January 2024

- Total sheep throughput at UK abattoirs = 1.1 million head – up 2% on the year.
- Lamb throughput = 984,000 head – up 3% on the year.
- Average lamb carcass weights = 20.8kg (+0.2kg on the year).
- Cull ewe and ram throughput = 129,000 head – down 10% on the year.



UK Sheep Meat Production
January '24

23,200 tonnes
+3% y-o-y



PIGS

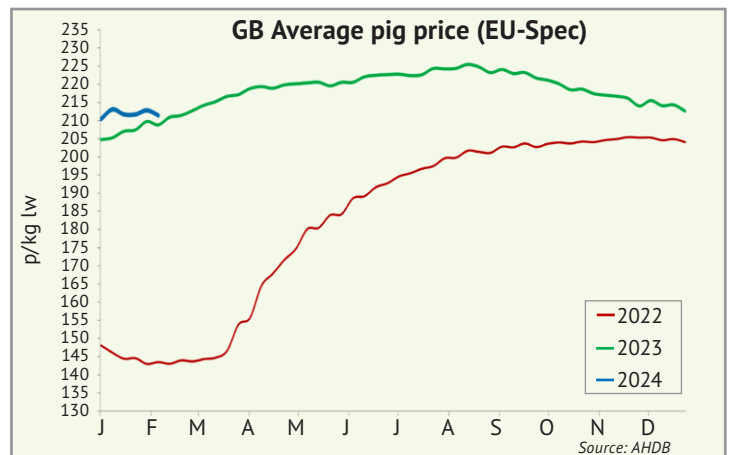
Prices – week ending 10th February

The EU-spec All Pig Price (APP) in GB stood at **211.4p/kg**. This was:

- - 1.5p on the previous week,
- + 2.5p compared with year-earlier levels,
- 50.5p higher than the 5-year average (2018-22 average: 160.8p/kg).

Throughput – January 2024

- Total pig throughput at UK abattoirs = 868,500 head – down 2% on the year.
- Clean pig throughput = 848,600 head – down 3% on the year.
- Average clean pig carcass weights = 90.7kg (+1.9kg on the year)
- Sow and boar throughput = 19,900 head – up 17% on the year.



UK Pork Production
January '24

79,900 tonnes
-0.1% y-o-y

