

**East of
England**
FARMING
CONFERENCE
2015



Gail Soutar
NFU Chief Economics

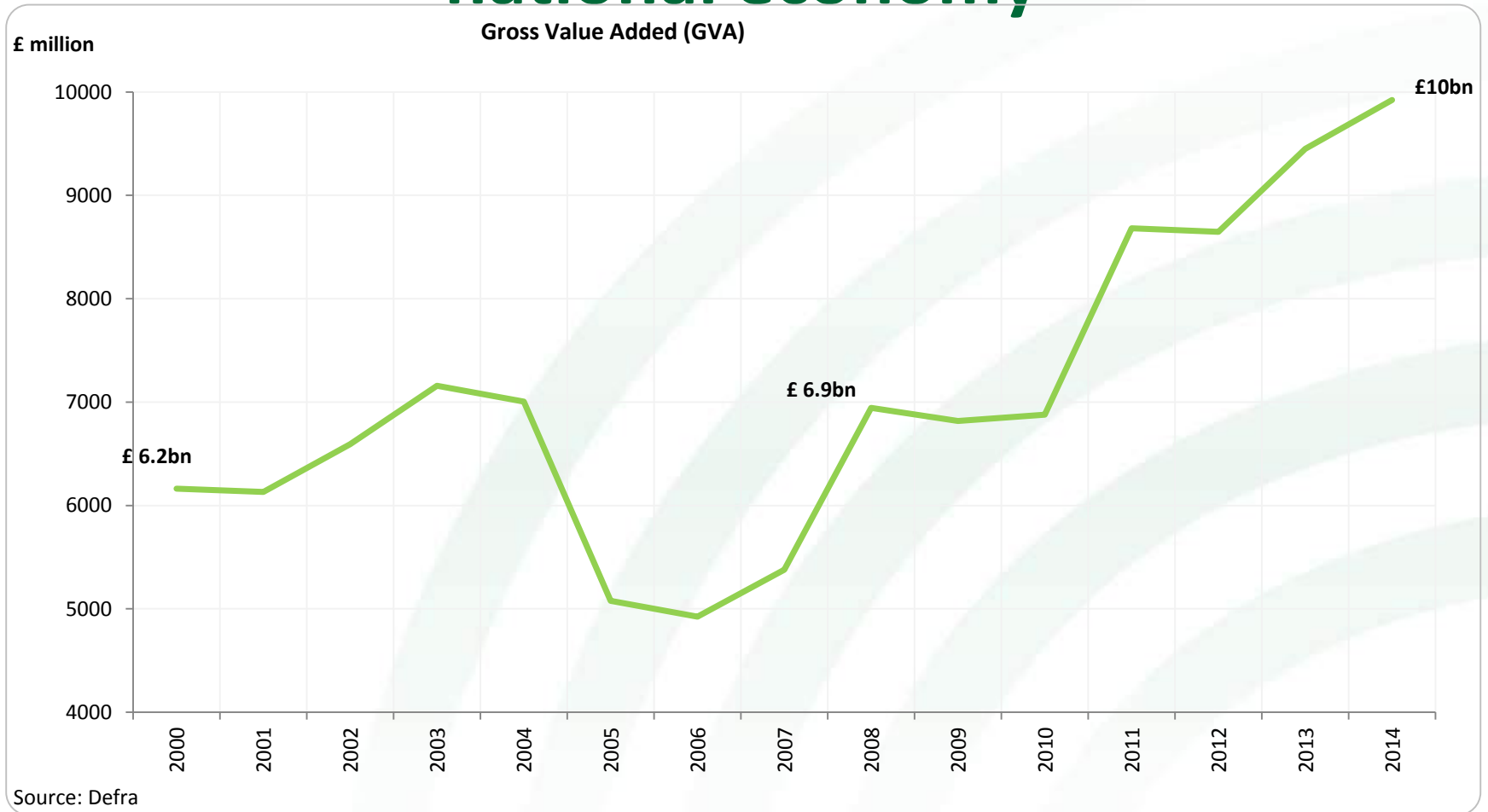
State of the Farming Economy:

Commodities, Currency, Cash and Confidence



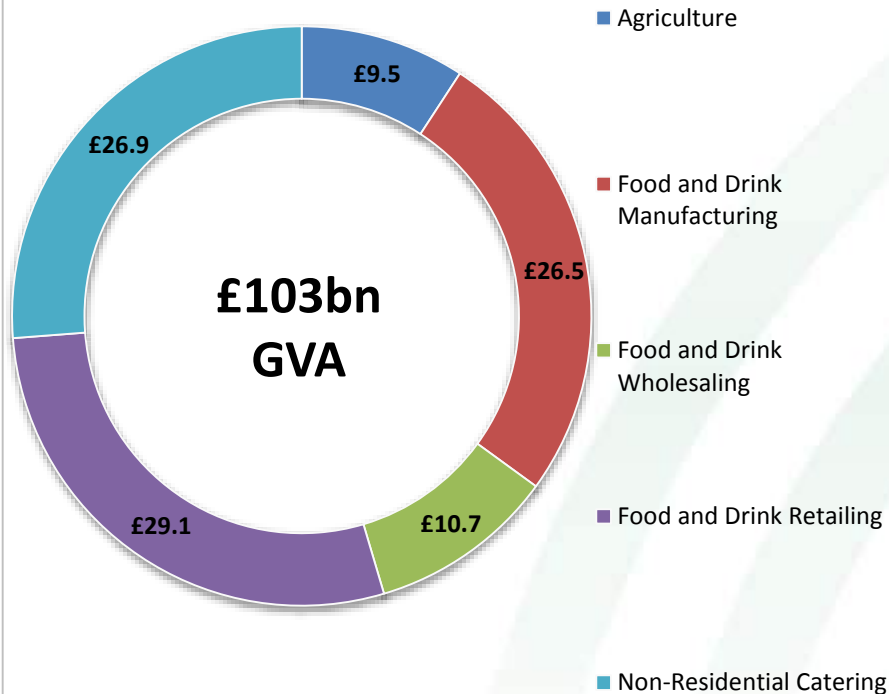
Economic
Outlook

Agriculture's growing contribution to the national economy



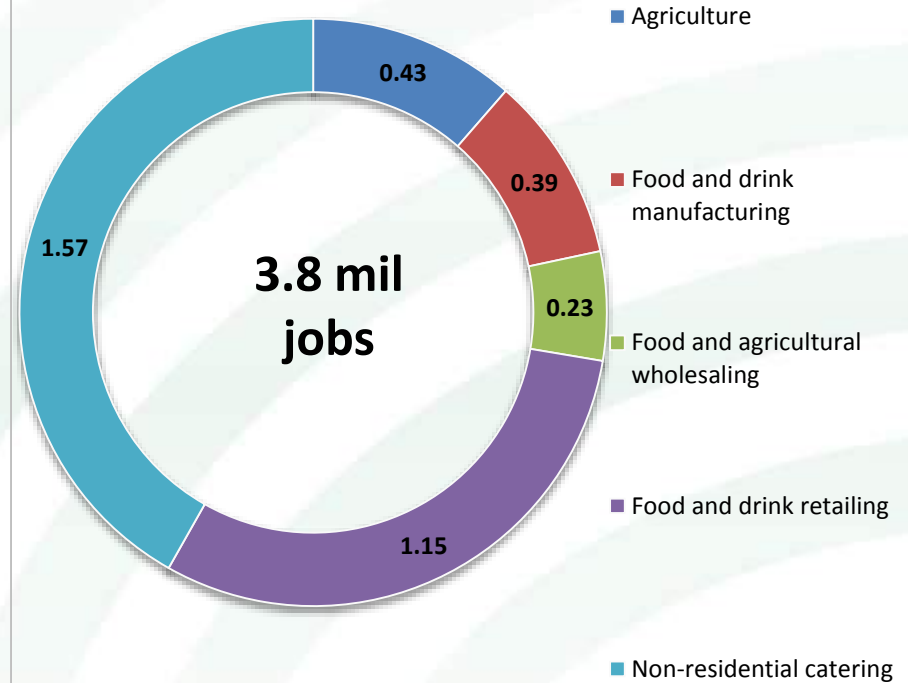
Agri-food sector: a driving force behind the economic growth

Agri-food sector GVA - £billion



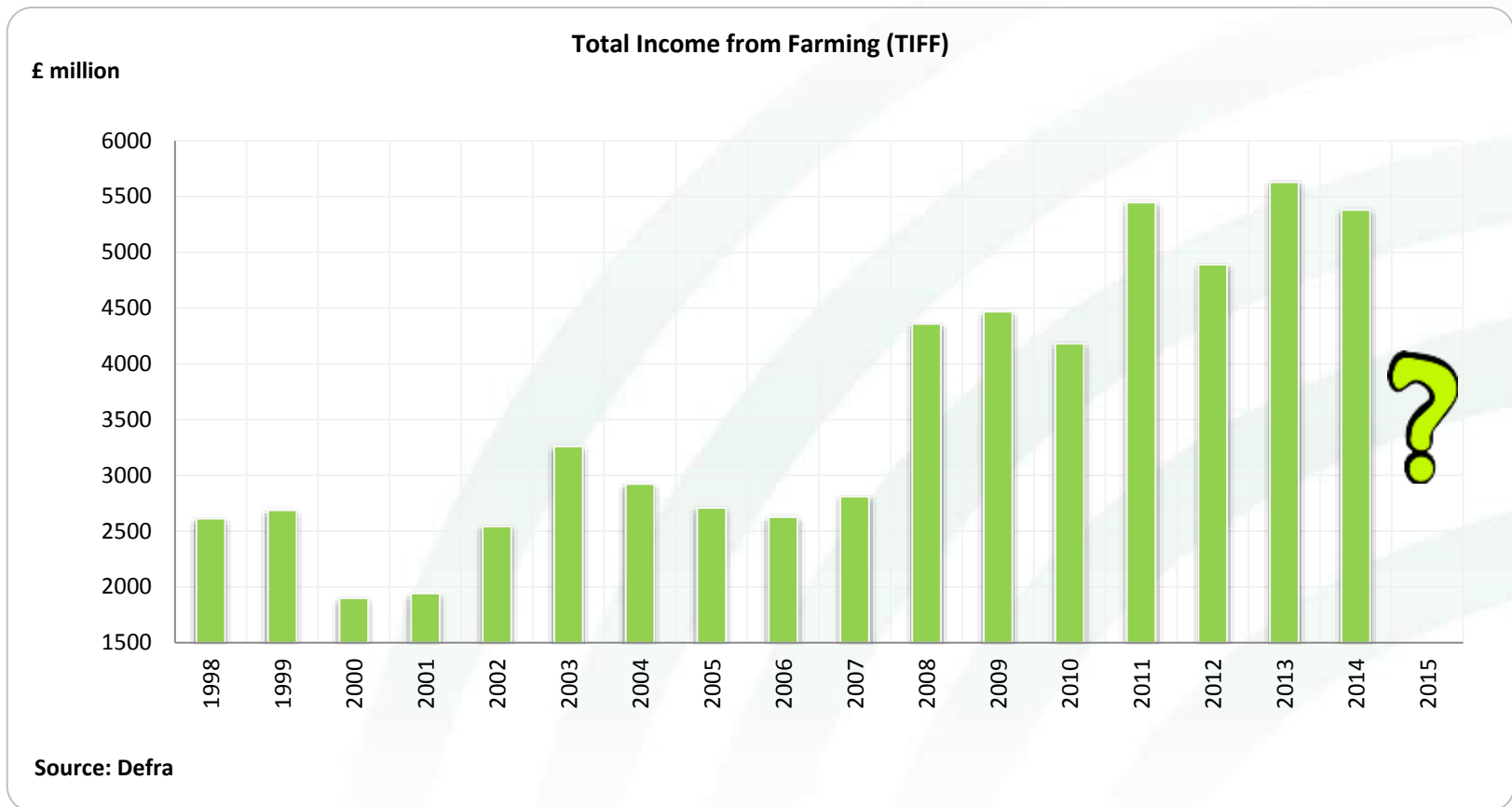
Source: Defra, Agriculture in the UK

Jobs in the agri-food sector - Millions



Source: Defra, Agriculture in the UK

Trends in aggregate farm profitability



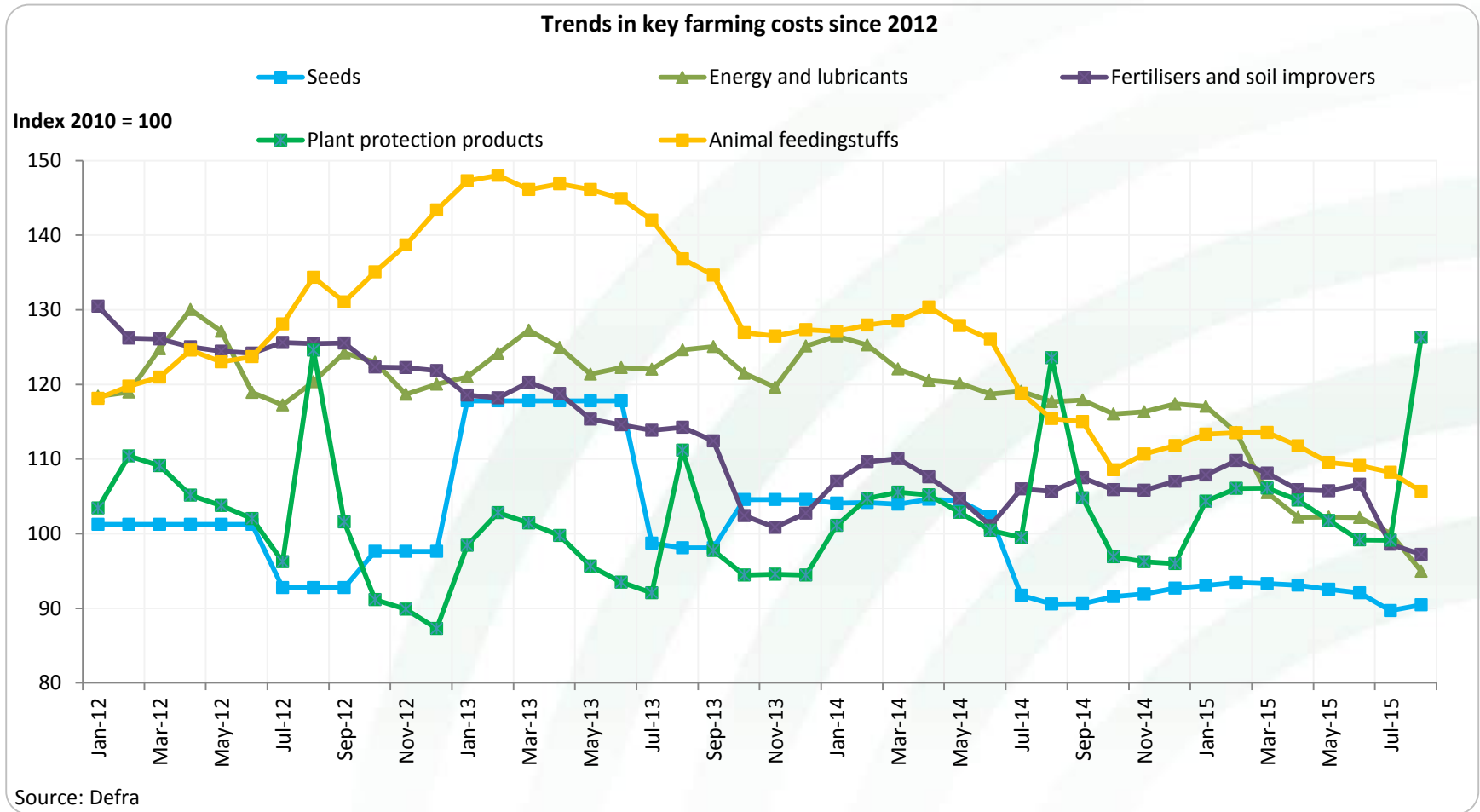
Agricultural price falls across the board

Commodity Prices	Oct 2015 prices	Prices 22 months ago	% change y-o-y
Dairy (ppl) – Sept	23.6	33.9	↓ -30.3%
Deadweight sheep (p/kg)	337.4	400.5	↓ -15.8%
Wheat (£/t)	106.7	157.1	↓ -32.1
Deadweight pigs (p/kg)	125.5	164.9	↓ -23.9%
Deadweight cattle (p/kg)	345.8	374.7	↓ -7.7%

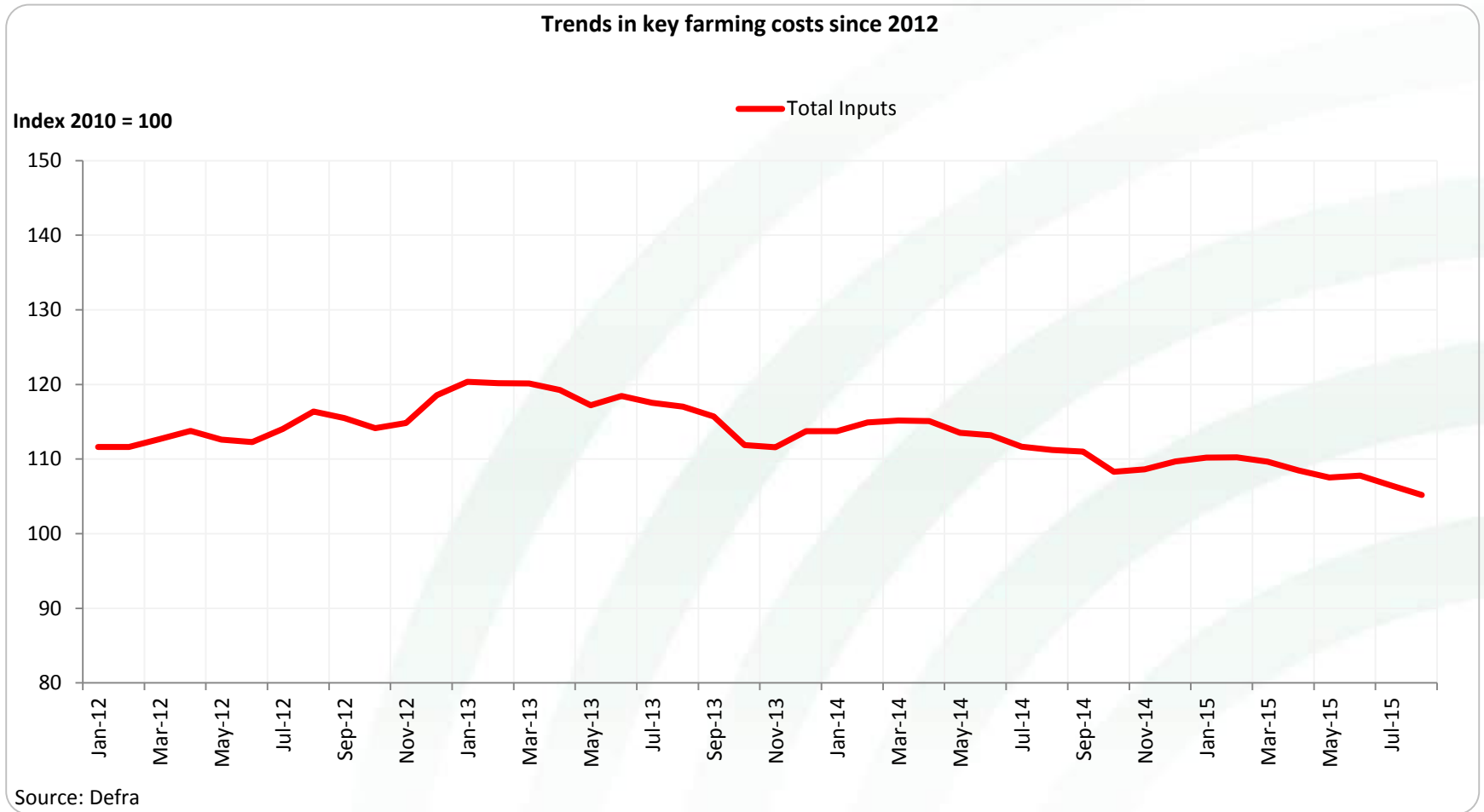
Source: AHDB (Figures may not add up due to rounding).

- Agricultural markets have been increasingly characterised by market volatility, and 2015 so far is no different.
- Common factors – higher supplies, lower demand, currency, China and Russian trade ban?

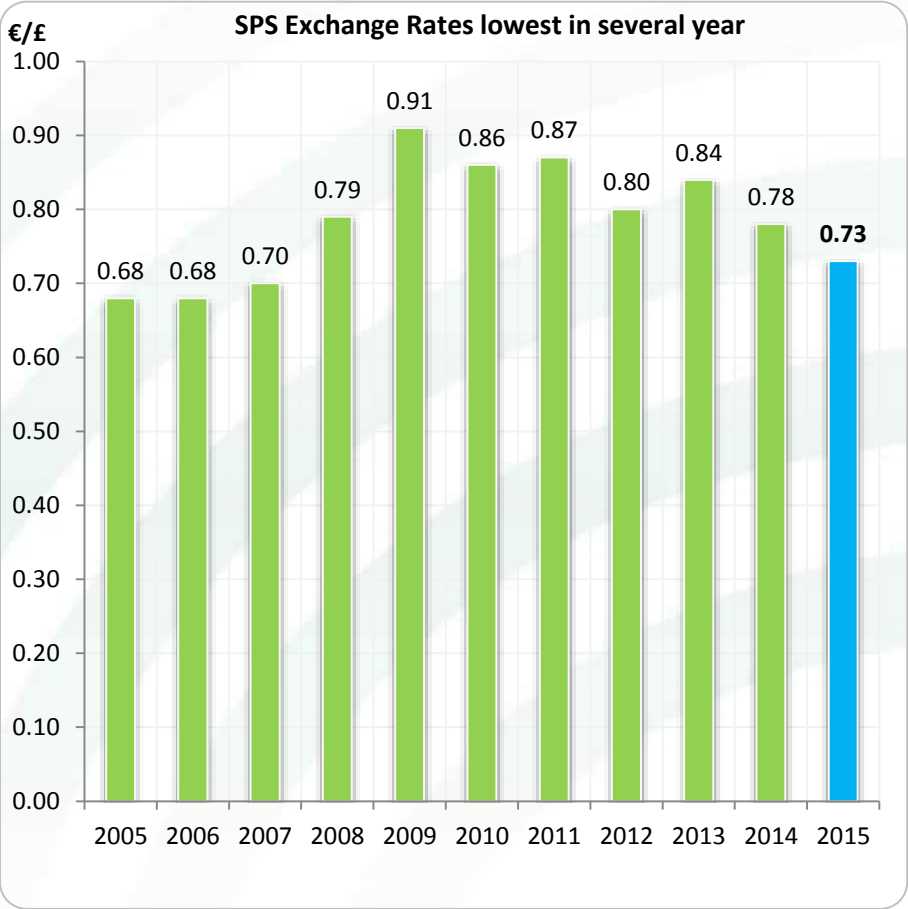
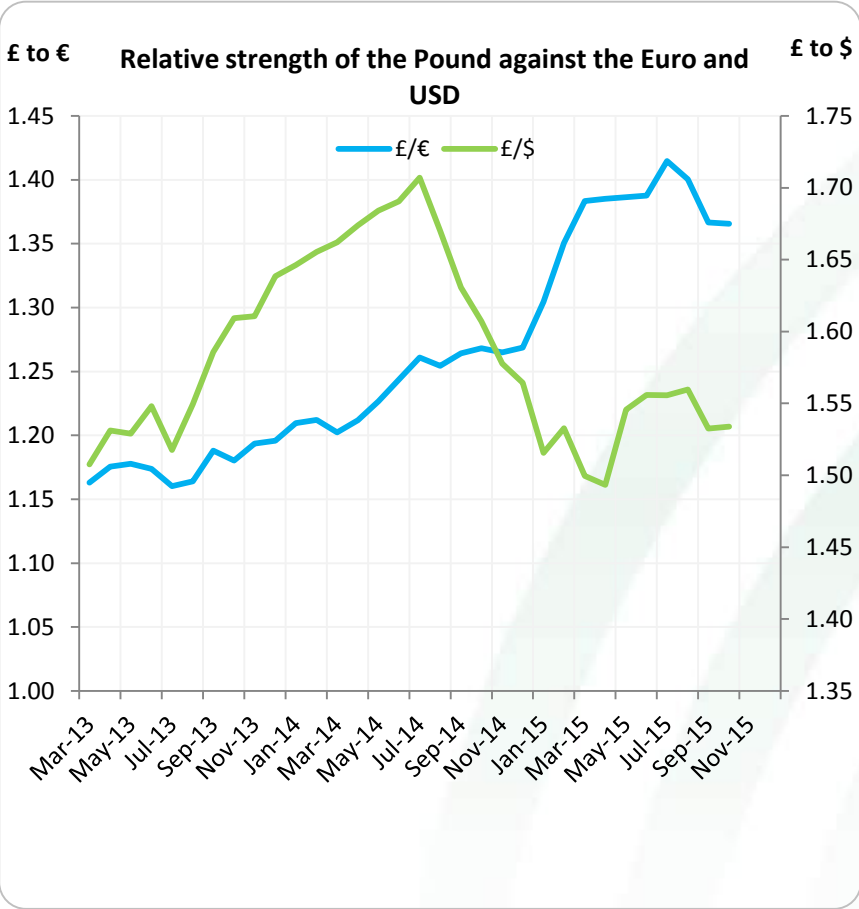
Overall downward movement in input costs



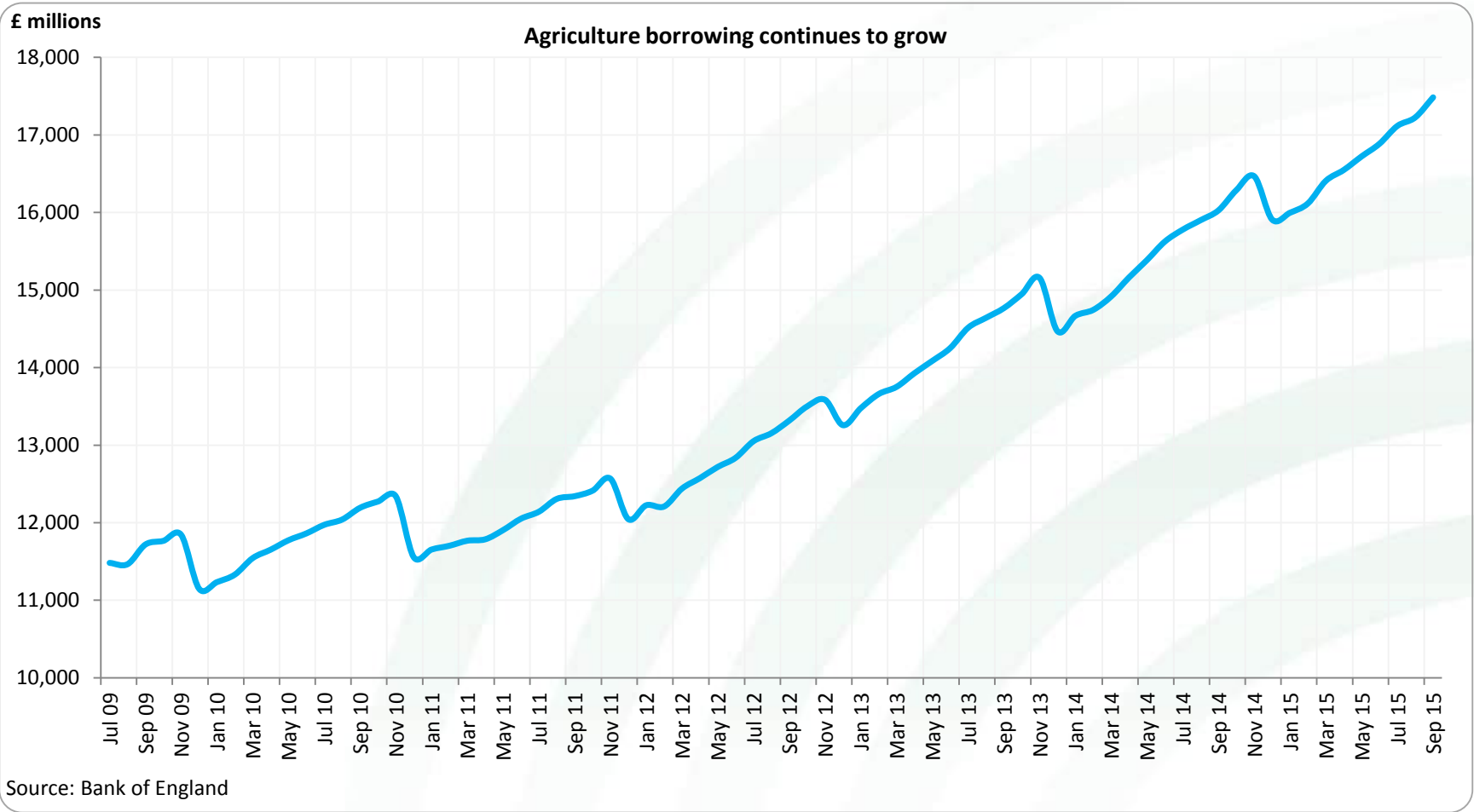
Overall downward movement in input costs



Strengthening Pound against the Euro



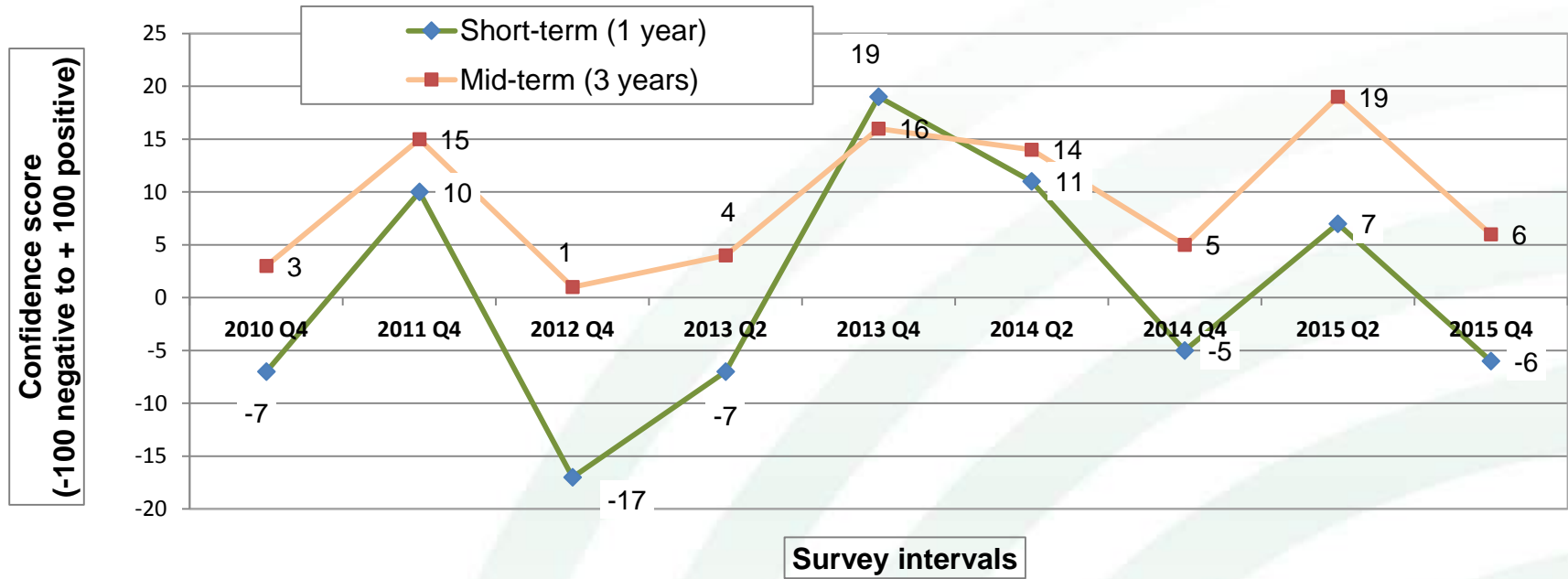
Farm borrowings reach record £17.5bn



Medium to Long-term forecasts:

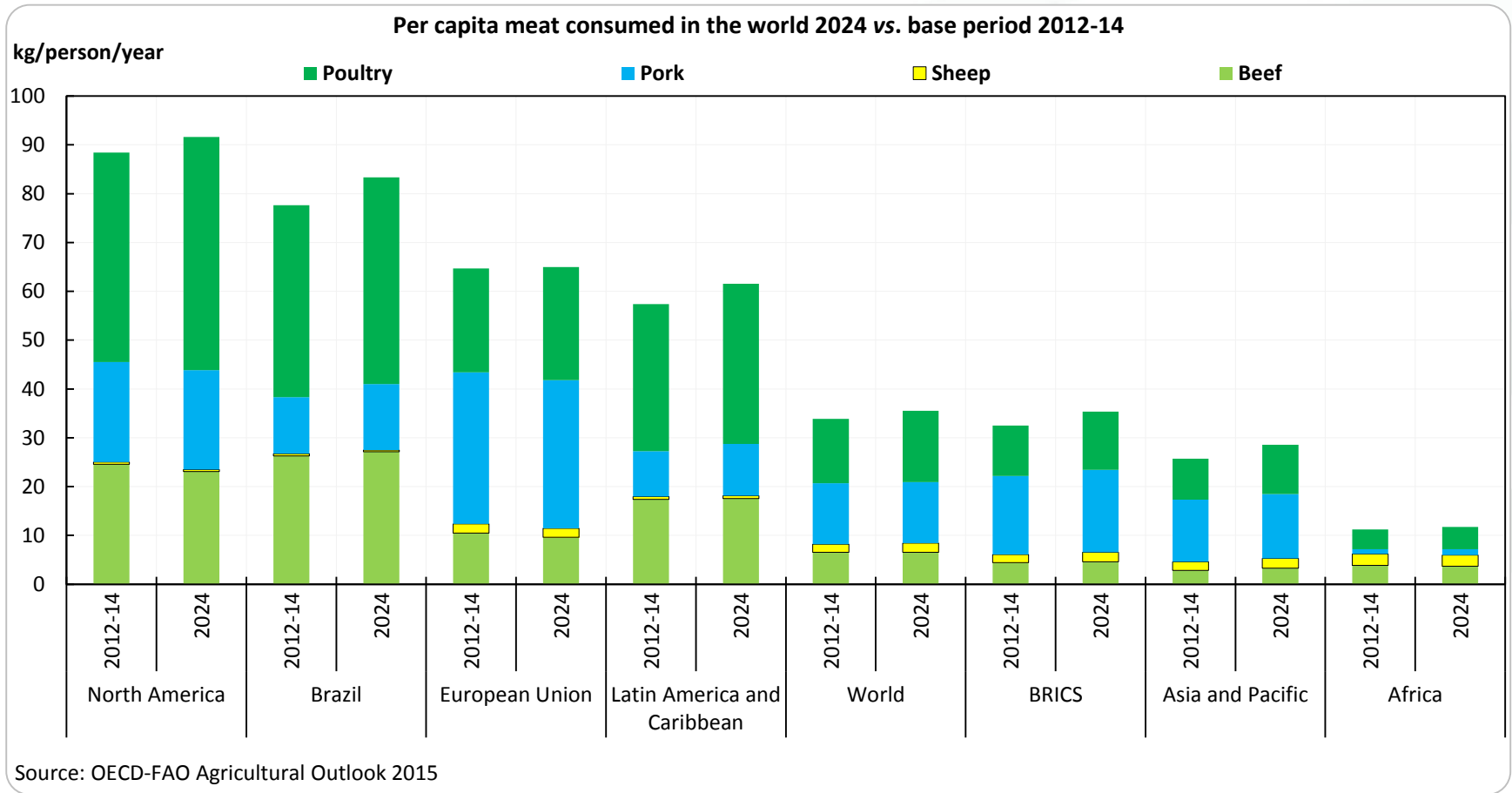
What next?

Business confidence over time

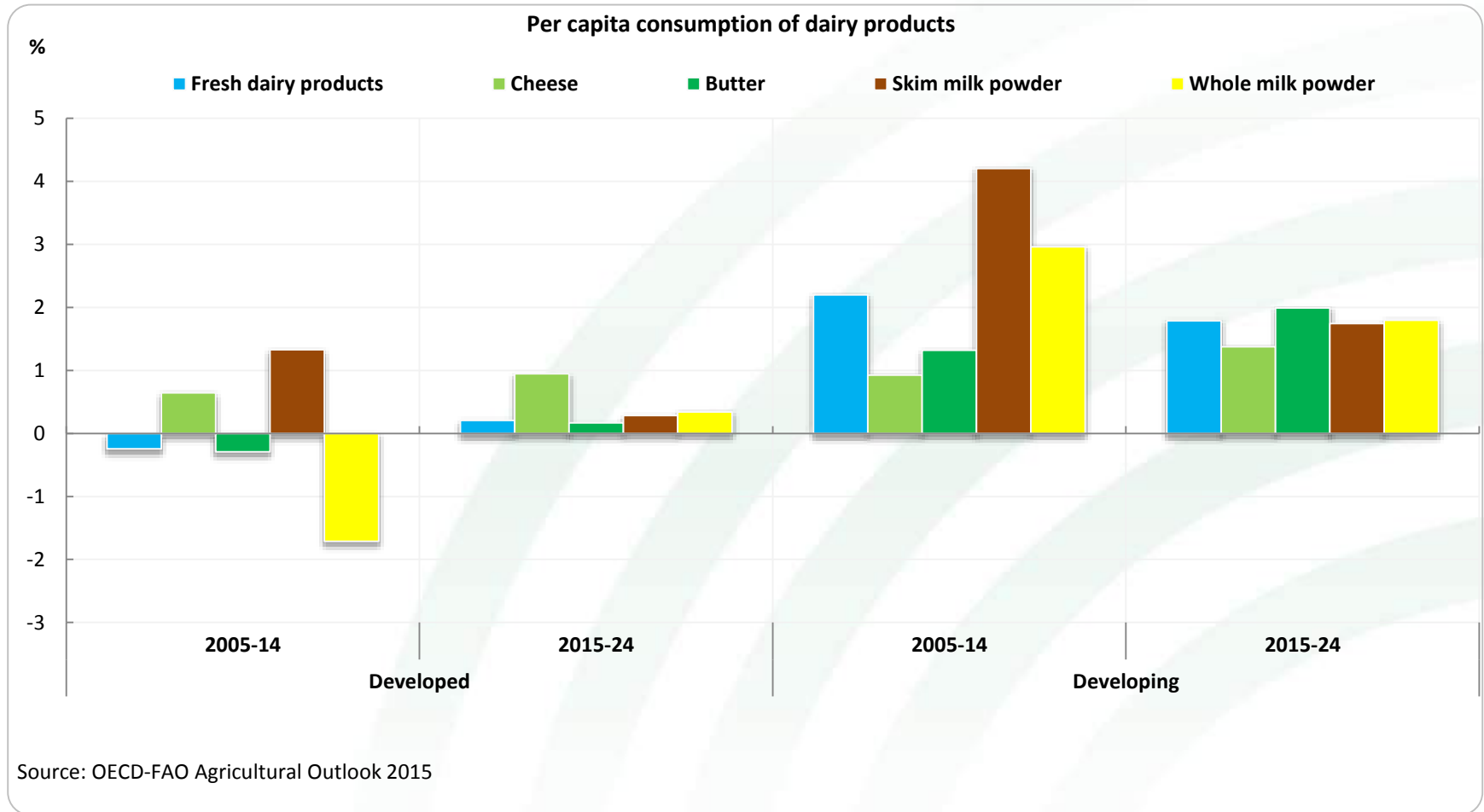


- Confidence was reasonably high in April 2015, however since then...
 - Short term confidence has reduced 13 points into negative territory (-6)
 - Mid term confidence has also dipped by 13 points but remains slightly positive overall (+6)

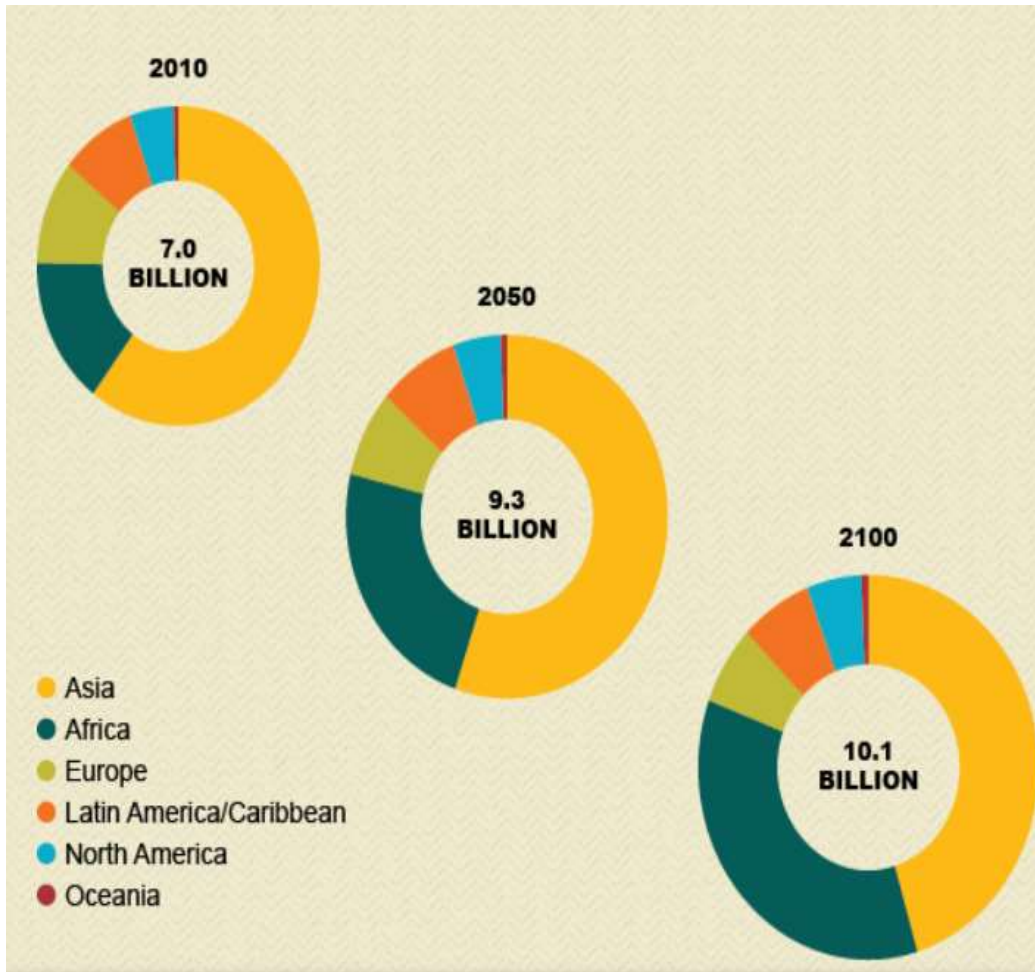
Per capita meat consumed in the world is expected to grow



Rising per capita consumption of dairy products

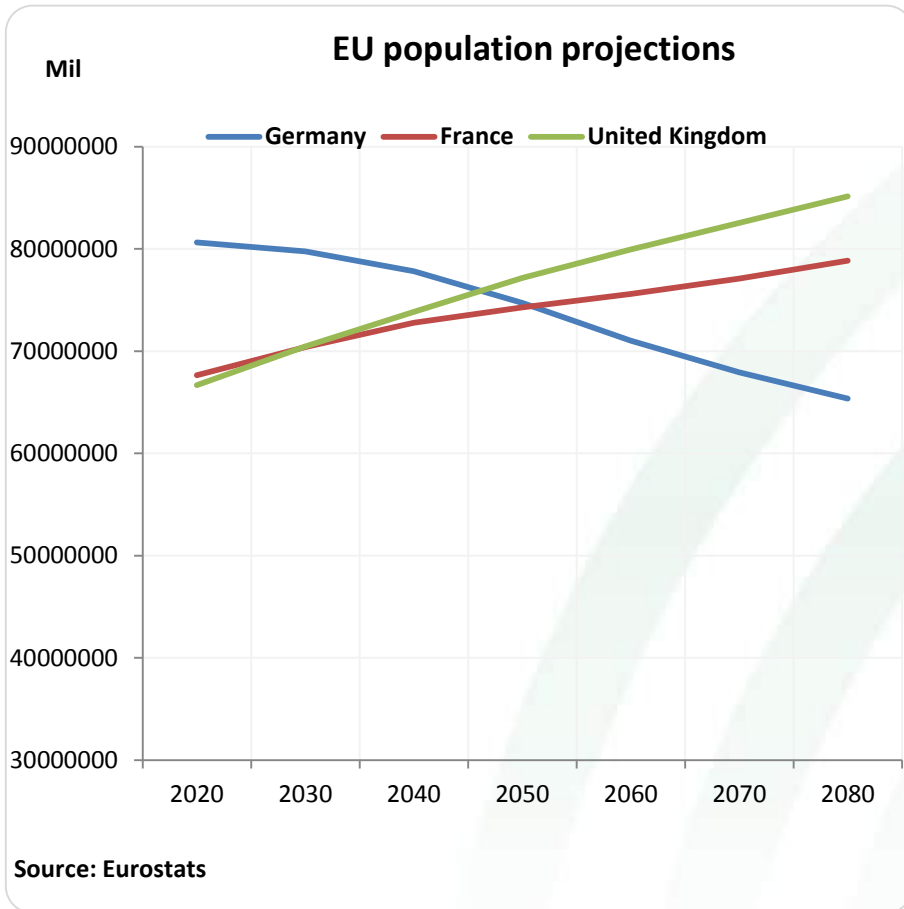


9.6 billion – The most over used statistic in the global food industry?

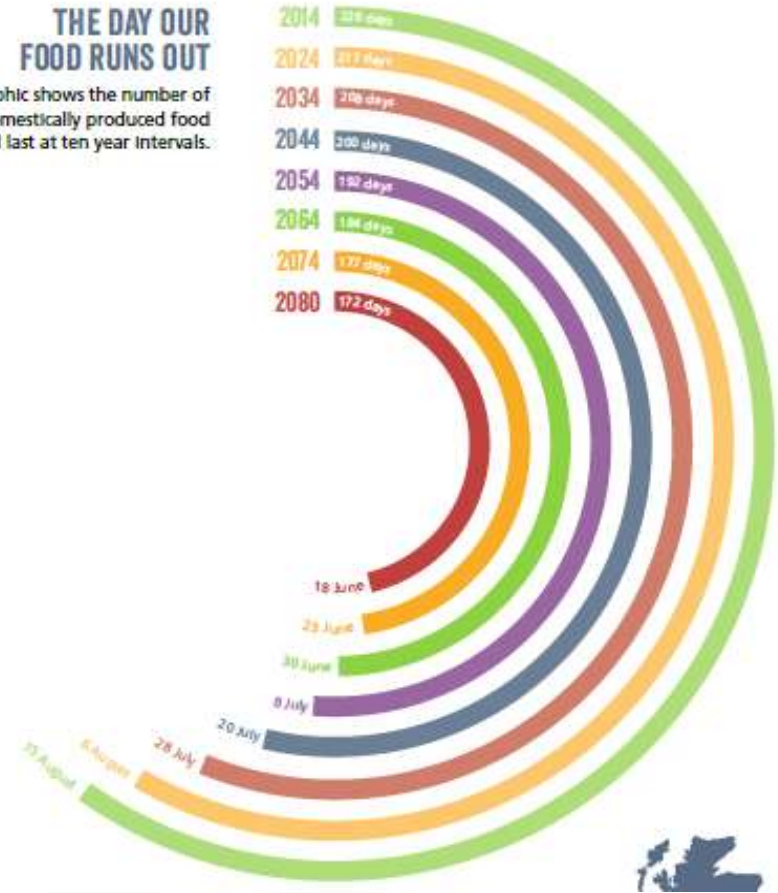


- The U.N. projects that world population will be 9.3bn by 2050
- With nearly all of this growth in developing countries.
- UK last week's ONS projections - population is projected to increase by 9.7 million over the next 25 years from an estimated 64.6 million in mid-2014 to 74.3 million in mid-2039.

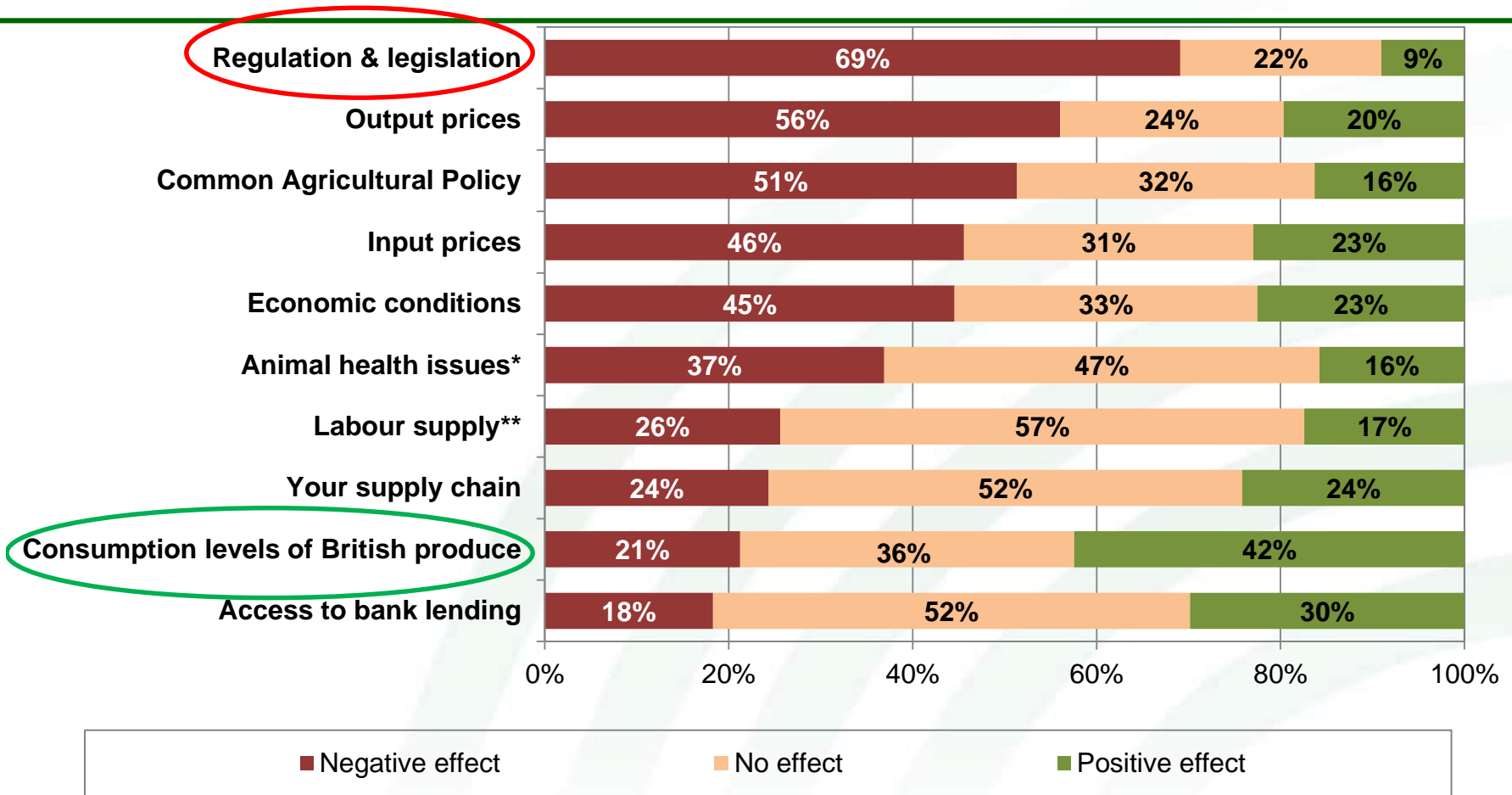
UK's population will continue to grow faster than any other large EU MS



THE DAY OUR FOOD RUNS OUT
 This graphic shows the number of days domestically produced food will last at ten year intervals.



Issues shaping the year ahead 2015



Government 25 year Food and Farming Plan

What's in it for farmers?



Snapshot of NFU policy work 2015

