

# BROWN & CO

## AGRICULTURAL UPDATE Q4 2024

Brown&Co's market update provides  
an overview of commodity prices for 2024.

It also provides an overview of points to consider going forward into 2025, which include Environmental Schemes, Basic Payment Scheme / De-linking, and New Agricultural Policies.



# SUMMARY

The Brown&Co Agricultural Update Report reviews the previous financial quarters, highlighting the changes in market prices and trade patterns of commodities during the period.

This report analyses the cereals, oilseeds, milk, and meat prices, as well as input prices such as fuel, fertiliser, and feed.

Pork prices decreased slightly across quarter 4, averaging at 207.05 pence per kilo deadweight for Standard Pig Price (SPP). This was a 2.55 pence per kilo reduction compared to the previous quarter.

Defra farmgate milk prices have seen a consistent increase since June 2024 and reached a high of 45.17 pence per litre in October 2024.

Lamb prices have increased throughout the quarter from 640.5 pence per kilo deadweight (R3L) up to a peak of 691.7 pence per kilo deadweight (R3L) in mid-December.

Beef prices have seen a significant increase across the quarter hitting a peak of 546.7 pence per kilo deadweight for 'All steers' at the end of December.

Cereal & Oilseed prices have been under pressure going into the fourth quarter of 2024, as prices fluctuated. Feed wheat prices had a high of £185.5/t at the beginning of October and a low of £175/t in the middle of November. Feed wheat prices have averaged £178/t across the quarter.

At the end of the final quarter of 2024, fertiliser saw an £11/t increase for 34.5% AN from £337/t in November 2024 to December 2024. TSP also saw an increase across the quarter starting at £445/t and ending at £460/t.

Crude Oil has remained relatively constant starting at \$71.6/barrel at the beginning of the quarter and ended at \$70/barrel. Red Diesel has had a slight increase of 4 pence per litre. Oil prices have averaged \$70.37/barrel, and red diesel has averaged 68 pence per litre across the final quarter of 2024.

## COMMODITY PRICE COMPARISON BETWEEN OCT 2023 AND OCT 2024

PRODUCE	MEASUREMENT	OCT 2023	OCT 2024	DIFFERENCE	% CHANGE
LAMB	P/KG/DW (R3L)	557.7	626.9	69.2	11%
BEEF	P/KG/DW (ALL STEERS)	481.4	511.9	30.6	6%
PORK	P/KG/DW (SPP)	220.8	208.1	-12.7	-6.1%
MILK	P/L	36.20	45.17	8.1	18%
WHEAT (FEED)	£/TONNE	176.9	182.4	5.4	3%
BARLEY (FEED)	£/TONNE	158.0	153.2	-4.8	-3.2%
OILSEED RAPE	£/TONNE	341.3	368.3	27.0	7.3%
£/EURO EXCHANGE	GBP to EUR	1.1522	1.1978	0.046	3.8%

Note: Due to the dynamic period we are currently in, commodity prices may move daily.

# POINTS TO CONSIDER FOR 2025

## Environmental Schemes

The Sustainable Farming Incentive 'Expanded Offer' is now open to those eligible without needing to complete an expression of interest form.

- The new actions include items such as spring or summer cover crops, no tillage farming and precision farming.
- Information for the new Countryside Stewardship Higher Tier options has been published.
- Applications are expected to open during summer 2025. The new offer includes 132 actions and 145 capital items. Defra is attempting to improve the offer as they aim to have 1,200 new Higher Tier agreements by March 2026. From February 2025, businesses will be able to contact the RPA letting them know they are interested in applying.

## Budget Announcements

The budget announcement on October 30th at 12:30 pm gave several key changes:

- An increase in the minimum wage as well as an increase in the National Insurance (NI) contributions from employers creating an extra financial burden to employers.
- From April 2027, inherited pensions will be included in Inheritance Tax. The government has predicted that 10,500 extra estates will pay inheritance tax as a result in 2027-2028.
- The UK agriculture budget has been confirmed at £5 billion over the next two years. The delinked payments are due to rapidly reduce next year with £7,200 to be the maximum amount available.
- From April 2026, the 100% relief from Inheritance Tax will be restricted to the first £1 million of combined agricultural and business property. Above the £1 million, Inheritance Tax will be at a reduced rate of 20% rather than the standard 40%. This tax can be paid in instalments over 10 years interest free. Further detail is due to be released for these changes.

## New Agricultural Policy

The Countryside Stewardship Standalone Capital Grants have temporarily closed for new applications.

- This has been done to prioritise funds for areas that will have the greatest benefit. If your application relates to the capital grant elements that are temporarily withdrawn, it will be on hold for now. The RPA are expected to contact applicants in early 2025.
- The Farming Equipment and Technology Fund claim submission deadline was 10th January 2025.
- If you have an HLS agreement which expired in 2024 there is an opportunity to extend your agreement for 2 years from the date it expired if desired.



## UK WEATHER

Early October began with wet weather across the Midlands and East Anglia, which was followed by a settled spell under high pressure. On the 6th, a major Atlantic low-pressure system brought rain to southern England. Calm conditions briefly returned, providing ideal viewing for the Aurora on the 10th and 11th, before more rain spread across England and Wales. The season's first named storm, Storm Ashley, arrived on the 20th, delivering heavy rain and strong winds to Northern Ireland, Scotland, Northern England and Wales. October 2024 was dryer than average, with the UK recording 103.5mm of rainfall. The temperatures for the month were 0.7°C above the long-term average for the UK.

November saw two contrasting weather phases. The first half was mainly mild, dry, and dull conditions with minimal sunshine due to high pressure. Mid-month, colder Arctic air brought wintry precipitation, especially to the north,

and colder weather persisted throughout the second half. Storm Bert on the 23rd and Storm Conall a few days later causing heavy rain and strong winds, particularly in southern areas. Overall rainfall was lower than November averages. The UK average temperature for November was 6.6°C, which was only 0.1°C higher than the long-term average.

December started unsettled with a mix of rain and wintry showers. On the 6th to the 8th, the UK was hit by Storm Darragh which brought heavy rain and severe wind speeds causing widespread damage. High pressure followed the storm which brought calmer and cooler conditions. The average temperature was 2.0°C above the long-term average at 6.2°C making it provisionally the fifth warmest December on record. Despite the higher temperatures, the month was dull overall recording only 57% of the long-term average for sunshine hours.



## HARVEST 2025 OUTLOOK

The AHDB Early Bird Survey forecasts a 5.4% increase in the area planted with winter wheat and a 3.5% rise in oats for the 2025 harvest. In contrast, the areas allocated to winter and spring barley, as well as oilseed rape, are expected to decline.

Spring barley is predicted to decrease by 13%, following a sharp increase in 2024. The combined reductions in winter and spring barley would result in the smallest UK barley area since 2014, totalling 1,084 Kha. Oilseed rape is anticipated to drop by 17%, potentially reaching its lowest level in 42 years, with further reductions possible due to pest damage and adverse weather conditions before the 2025 harvest. Additionally, the survey indicates a likely increase in uncropped arable land compared to 2024's already high levels, though it remains uncertain whether this reflects pending decisions or a shift toward agri-environmental schemes.



## Climate & Carbon

The United Nations (UN) state that new data shows that warming gases are accumulating faster than any time in human existence. In the last two decades, greenhouse gasses have risen by 11%. It is indicated that emissions will fall by only 2.6% by 2030 compared to 2019. This is vastly short of the 43% predicted by scientists to be needed for net-zero carbon by 2050.

The government has pledged nearly £21.7bn for projects to capture and store carbon emissions from energy, industry and hydrogen production. The funding for two carbon capture clusters on Merseyside and Teesside, are estimated to directly create 4,000 jobs with tens of thousands more across the UK in the coming years. It will also support two transport and storage networks, carrying captured carbon to deep geological storage in Liverpool Bay and the North Sea. The projects are expected to start storing captured carbon from 2028. The Merseyside and Teesside projects are part of several announced in 2023 to capture and store 20-30 million tonnes of CO<sub>2</sub> a year by 2030.

## Supply Chain

Due to the invasion of Ukraine, a spike in input costs has had an effect across the food supply chain. The shock led to business uncertainty and the highest food inflation for consumers in 45 years. This highlighted the UK's vulnerability to food inflation from the effect of cost pressures in the system.

Steve Reed, Secretary of State for Environment, Food and Rural Affairs, announced that by using the Agriculture Act 2020, the government will advance work on supply chain fairness aiming to increase food security and protect producers. The Agriculture Act 2020 proposes to improve the relationship between agricultural producers and their direct purchaser. This intends to reduce the exposure to harmful contracts that impose terms with limited alternatives or legal protection.

## Consumer Behaviour

Due to the recent budget announcements that propose an increased National Insurance burden for employers, it is predicted that prices will increase as well as less opportunities for wage growth. This could then lead to a significant decrease in consumer confidence, leading to lower demand for non-essential products.

Surveys show that the three main challenges affecting turnover were economic uncertainty, competition and the cost of materials. They also show that most people reported that their cost of living had increased during November 2024 when compared to October 2024. The increase to the cost of living was reported to be an increase in the price of their food shop and an increase in gas or electricity bills.

# LIVESTOCK MARKETS

## Pork

The standard UK Standard Pig Price (SPP) has gradually declined averaging a price of 207.05 pence per kilo for this quarter.

The EU have shown similar trends with a steady decrease across the quarter but consistently below the UK price. Pig meat in the UK experienced a 2.9% decrease in total purchased volumes compared to the same period last year. Pork has been the only UK red meat to have demand decline year-on-year.

## Dairy

GB milk deliveries are estimated to have totalled 1,029 million litres in October 2024, which is a 2.5% increase compared to October 2023.

October daily deliveries averaged 33.2 million litres per day. According to the AHDB, the number of producers exiting the industry between April and December 2024 was 30. This is a reduction in exits compared to the estimated annual loss of 300 producers since October 2023. Higher milk prices throughout the summer is thought to have reduced the flow of dairy producers leaving the industry for now.

## Beef

Clean cattle beef prices have had a continuous rise across the quarter starting at 509.3 pence per kilo deadweight at the beginning of October and ending at 546.7 pence per kilo deadweight at the end of December.

UK beef production totalled 92,000 tonnes in October, a 12% increase compared to October 2023.

Exports of fresh and frozen beef from the UK were up by 10% (January to September) compared to the same period in 2023, which is an increase of 7,500 tonnes.

## Lamb

Lamb prices showed a considerable increase across the quarter with a high of 691.7 p/kg in the middle of December.

The average price for this quarter was 649.8 p/kg which was 73.3 p/kg higher compared to the same period last year.

UK sheep meat production has fallen by 7% for the period of January to October compared to the same period last year. This is likely due to both difficult growing conditions this year and smaller breeding numbers.

Exports have also fallen by 7% in 2024 compared to the volume in 2023.

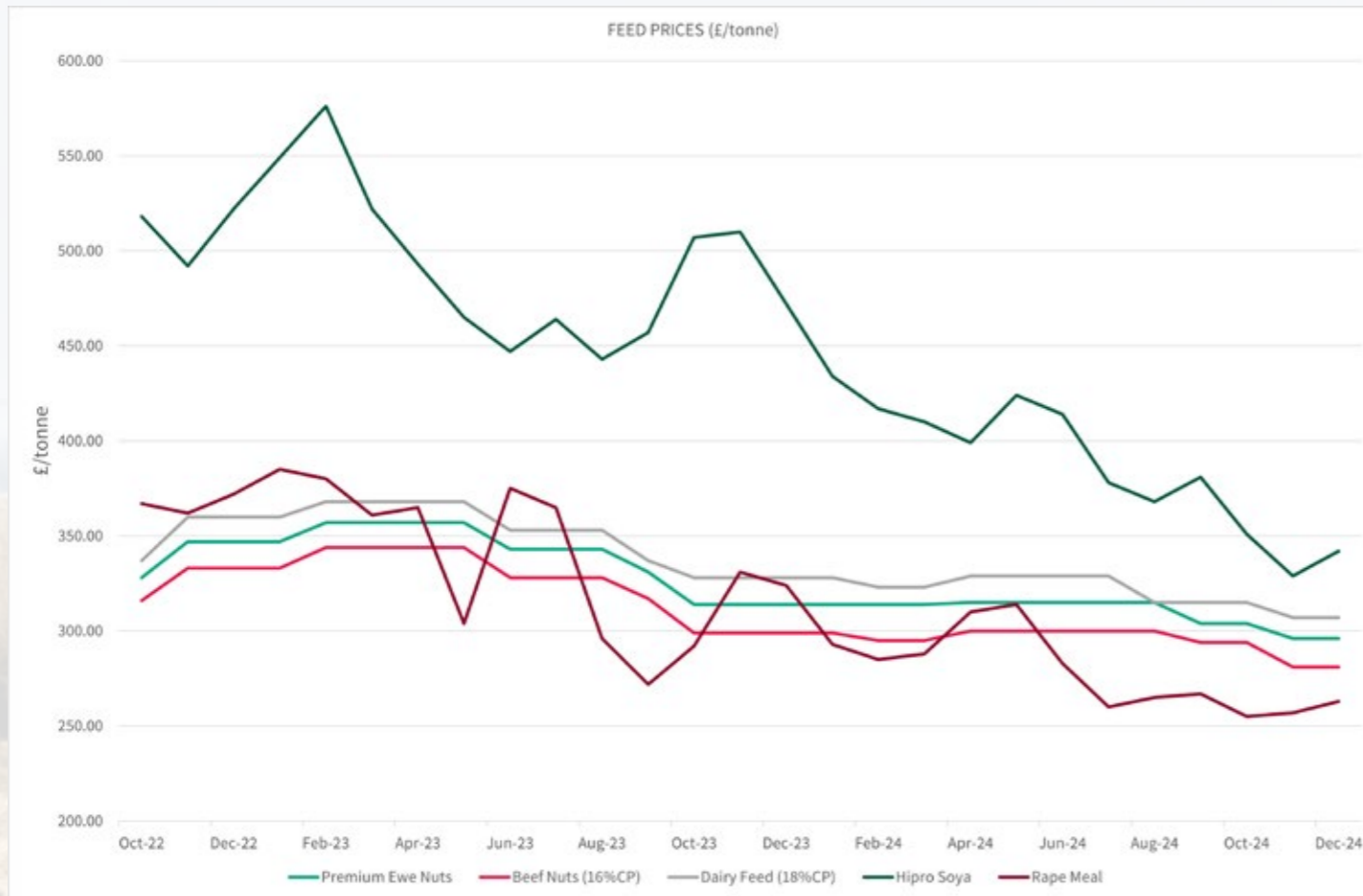


**£/€ EXCHANGE RATE  
IN COMPARISON TO BEEF AND LAMB PRICE**



# FEED

## Feed Prices (£/tonne)



Premium ewe nuts, beef nuts, dairy feed and hipro soya all experienced a decrease in price across the quarter. With an average drop of £6/tonne from October to December across all the measured feed types.

Hipro soya experienced a £22/tonne decrease in price between October 2024 and November 2024.

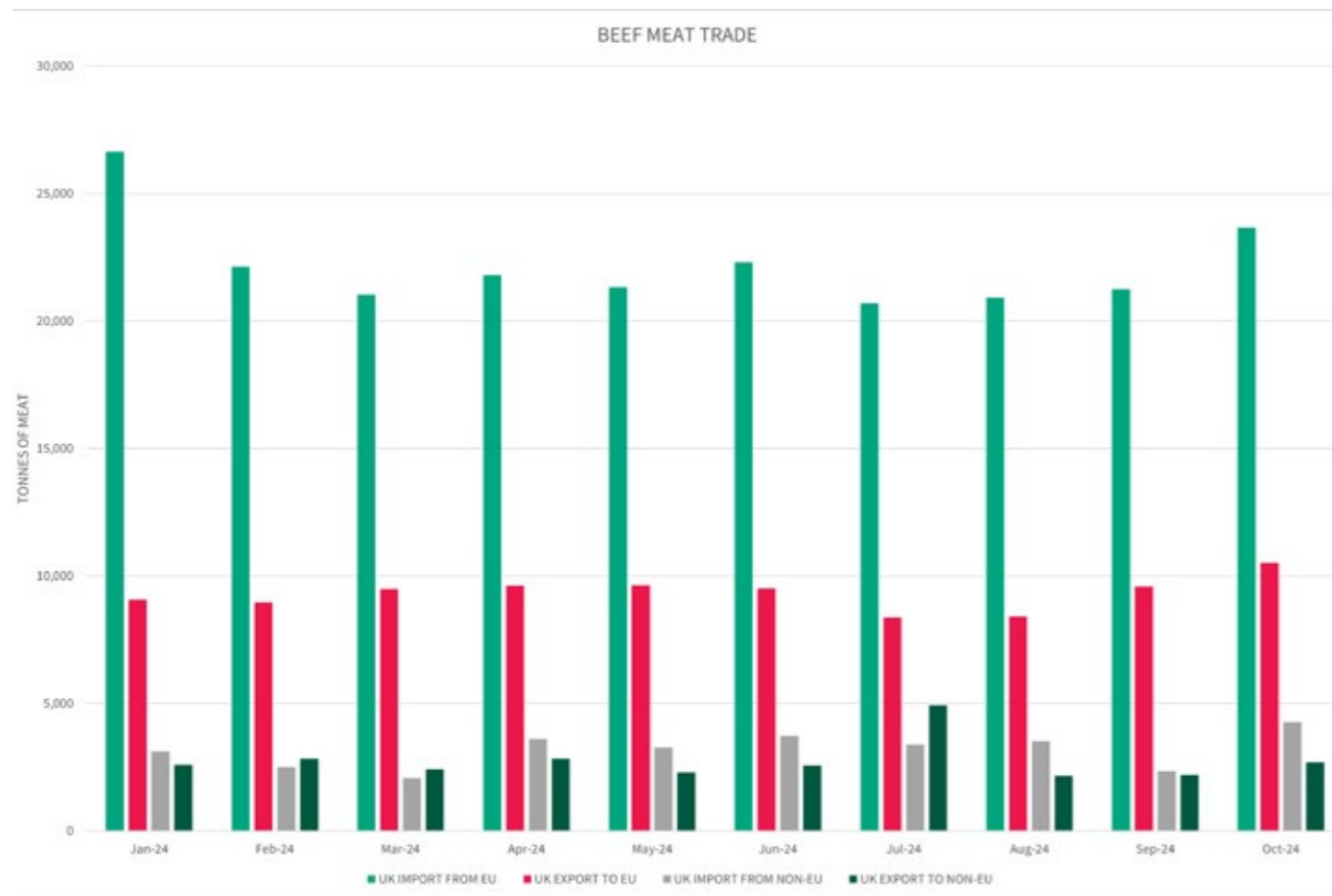
Rape meal experienced the opposite trend with an increase in price by £8/tonne.





## BEEF MEAT TRADE

### Beef



UK exports to the EU for beef meat reached the highest levels of 2024 in October at 10,513 tonnes.

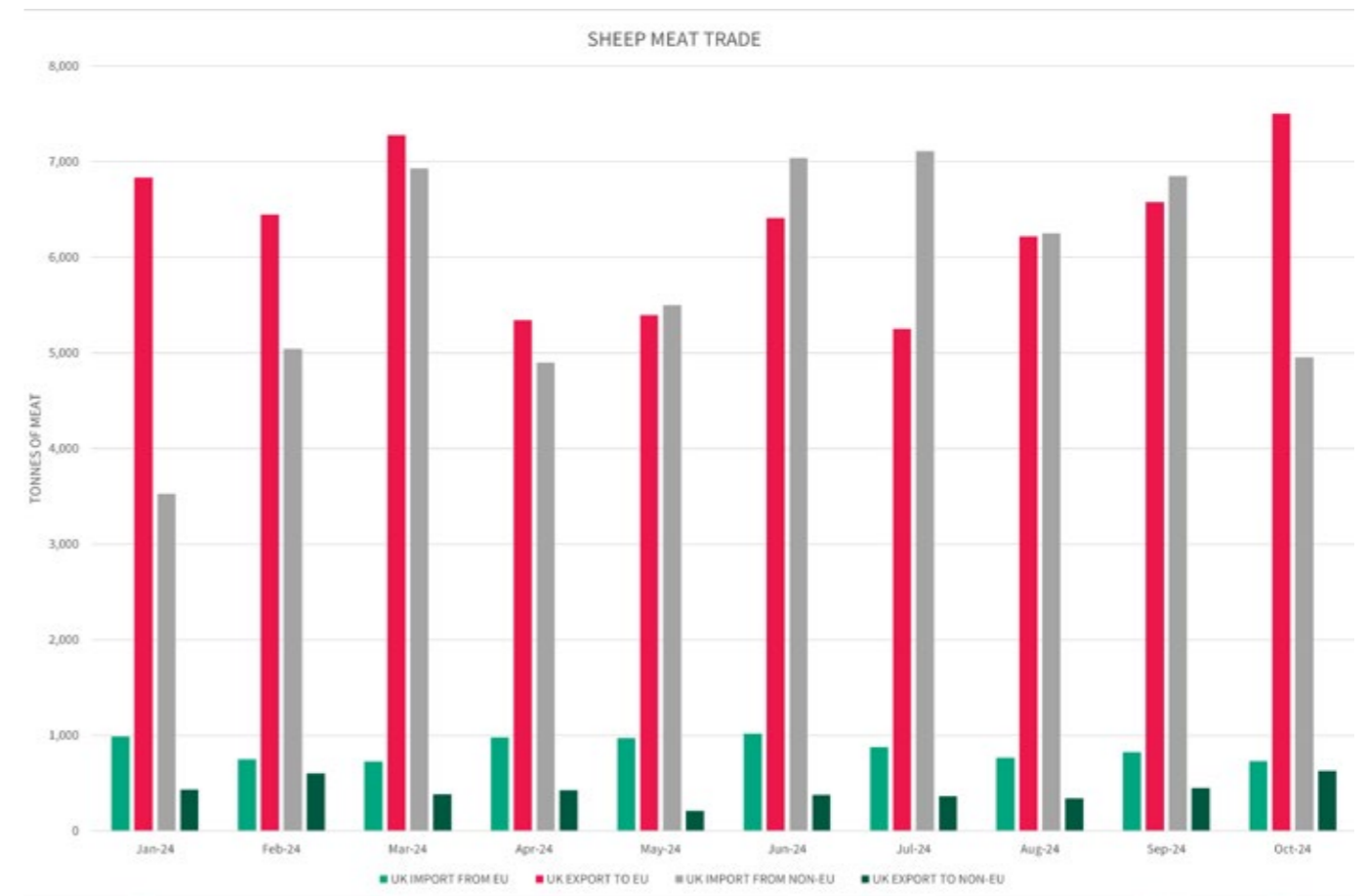
The UK also imported its highest levels of non-EU beef meat for the year so far in October at 4,267 tonnes.

The UK was a net importer for beef meat in October with a net balance of 14,719 tonnes.



## SHEEP MEAT TRADE

### Sheep

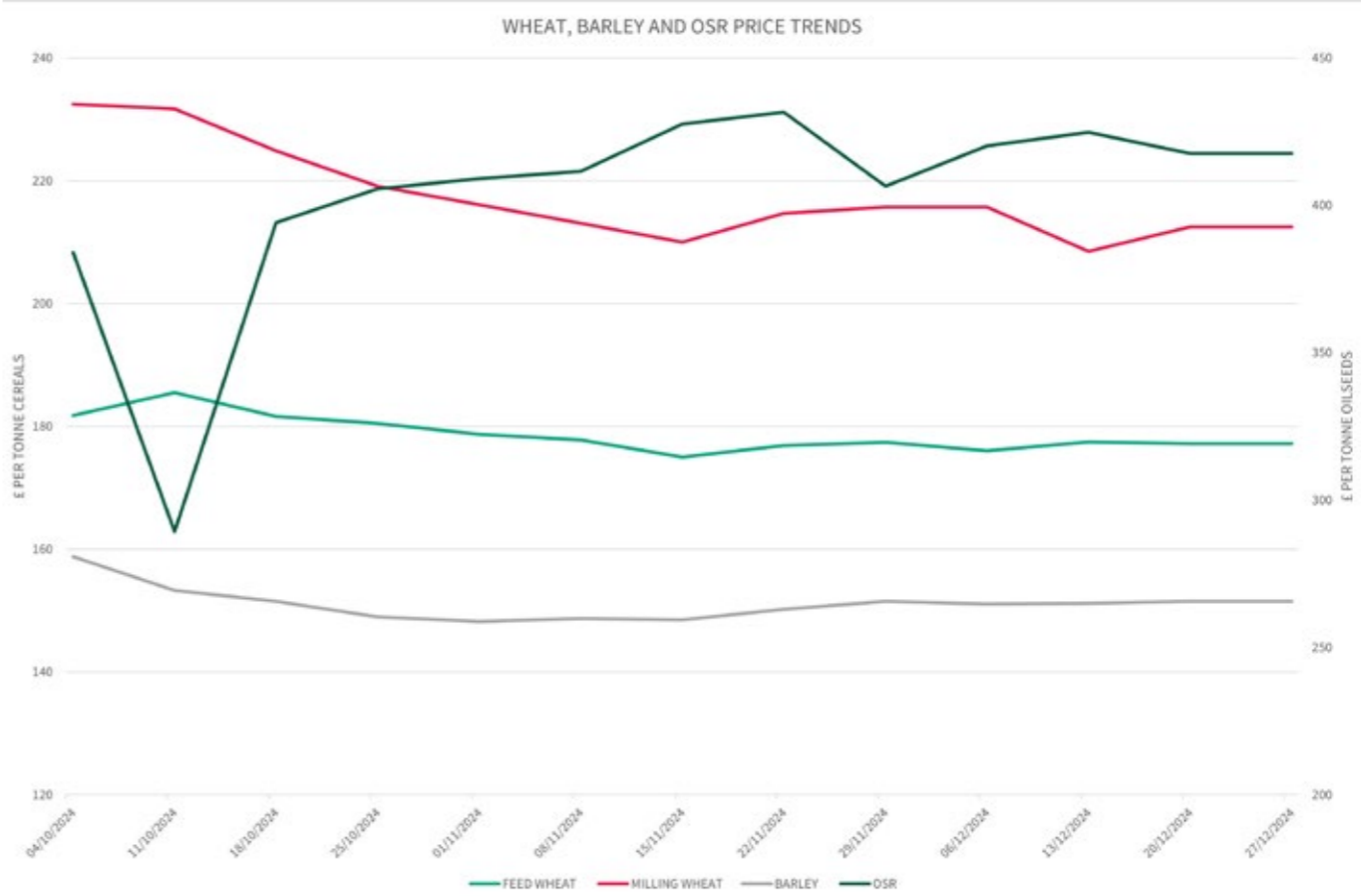


The UK imports from non-EU decreased by 1,896 tonnes from September to October.

The balance for sheep meat trade in October meant that the UK was a net exporter in October which is the first time since March.



# WHEAT, BARLEY AND OSR TRENDS



Feed wheat has seen an overall decrease in price by £4.6/t.

Milling wheat premiums over feed wheat saw a steep decrease from £50.7/t to £35.3/t from October to December.

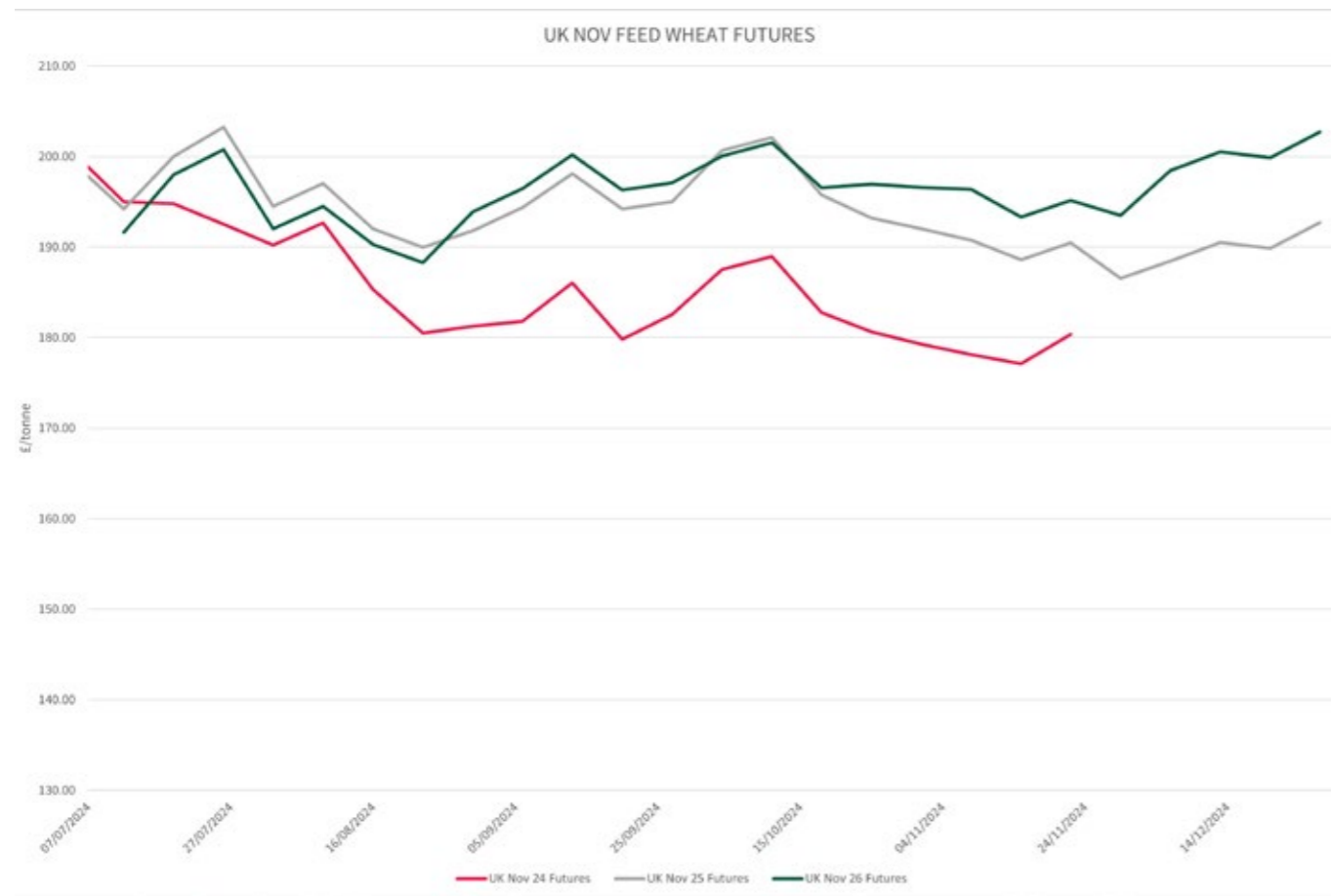
Barley prices saw fluctuations throughout the quarter starting October at £158.8/t dropping to £148.2/t at the start of November then rising again to £151.5/t at the end of December.

Oilseed rape saw an increase of £33.6/t from the beginning to the end of the quarter finishing at £417.6/t at the end of December 2024.



# FUTURES MARKET

## UK Nov Feed Wheat Futures



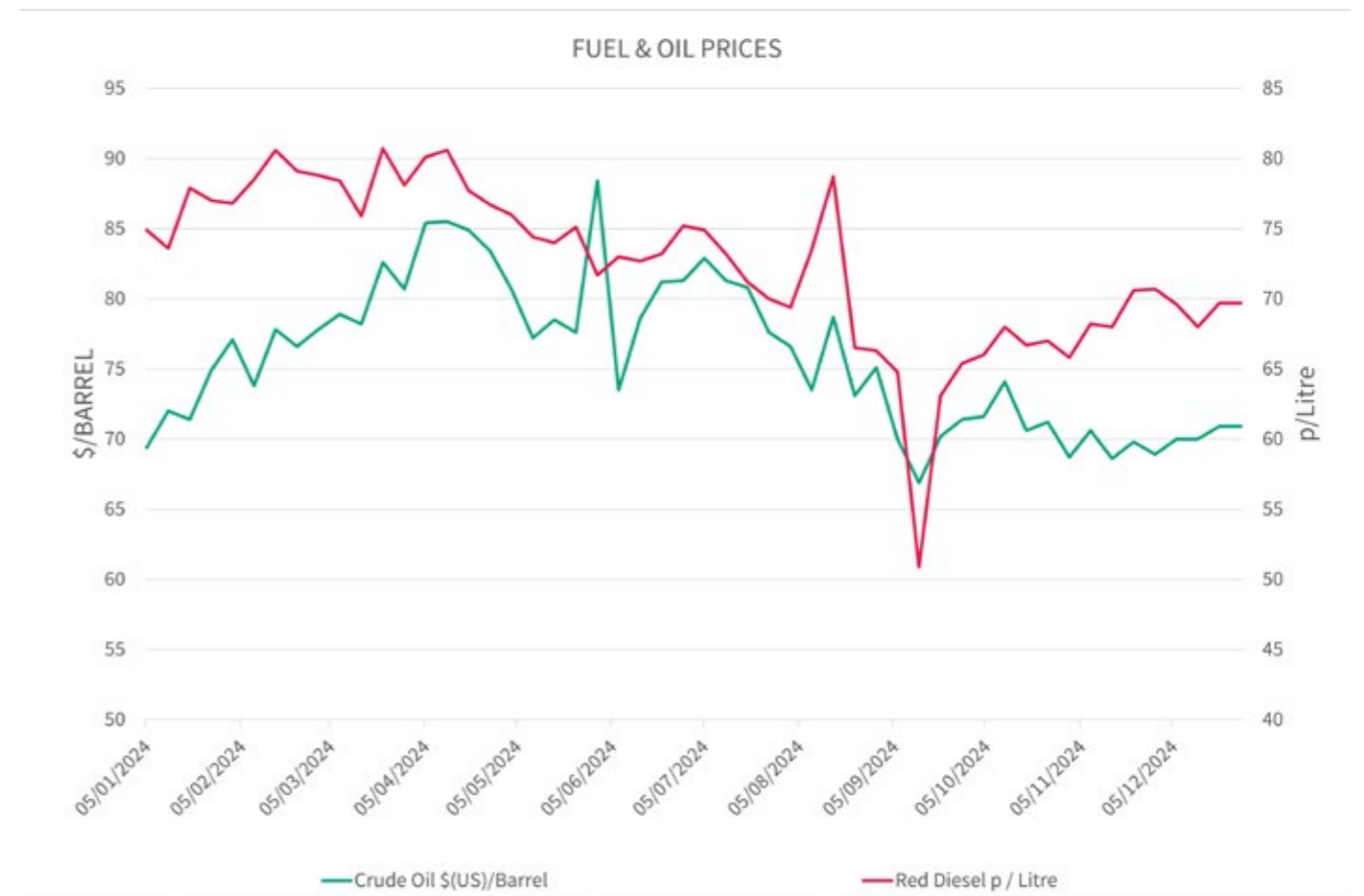
The November 2024 and 2025 wheat futures dipped across the quarter with November 2025 hitting £186.55/tonne.

At the end of November, there was a £10/tonne difference between November 2025 and 2026 futures.

Global wheat stocks are at a nine-year low which could support further price increases into 2025. Both Russia and Ukraine exports are also slowing adding further price support.

# INPUTS

## Fuel & Oil Prices



Crude Oil prices fluctuated throughout the quarter with an overall decrease in price by \$0.7/barrel. The final quarter of the year saw a high of \$74.1/barrel and a low of \$68.9/barrel.

Red Diesel saw an increase in price by 3.7 pence/litre across the quarter ending at 69.7 pence/litre.

From the last quarter, total energy demand in the UK fell by 1%. Energy production is 24% below the pre-pandemic levels.

Global oil demand is set to increase from 840kb/d to 1.1mb/d in 2025. This is approximately half of the demand compared to 2023.



# FERTILISER

## Fertiliser Prices



Fertiliser prices have overall increased in price across the quarter.

MOP saw £10/tonne decrease in price between October 2024 and December 2024, whereas TSP saw an increase by £15/tonne in the same period.

The potential implementation of the Carbon Border Adjustment Mechanism (CBAM) could see a price increase of up to £50/tonne having a significant impact across the agricultural sector. CBAM is planned to come into effect 1st January 2027 and will also impact costs for other products such as cement and steel.

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Brown&Co have one of the largest Agricultural Business Consultancy teams in the country. We are a very practical, down to earth firm who take real pride in our clients' success and our team's professionalism.

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