

Understanding Beef & Lamb Farmer Business Intentions in Wales – *phase 3*

In September 2022, HCC conducted the first phase of the *Farmer Intentions Survey* to understand how farmers across Wales were responding to rising input costs. The survey was repeated in September 2023 and again in September 2024 to assess ongoing challenges and gather insights into future business plans, helping to guide future discussions.

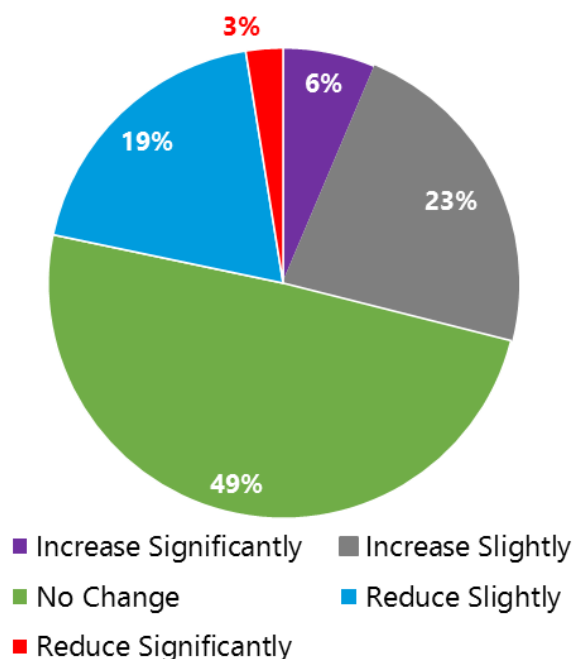
BACKGROUND

- Farm input costs reached significant highs in 2022, largely due to the Russia-Ukraine conflict, which impacted on-farm decision making.
- However, the UK Agricultural Price Index (API) for July suggests that **overall agricultural input costs were at their lowest since December 2021**.
- With input costs being more stable, it may **influence greater farmer confidence** within the sector.
- HCC received **270 survey responses** during Phase 3, covering all areas of Wales.
- The analysis examined stocking rate intentions, the reasonings behind business decisions, and intended use of agricultural inputs.

KEY FINDINGS - Lamb Producers

- ❖ Fewer producers intended to decrease their stocking rates when compared to Phase 1 and 2 of the survey – 49% had no plans to change stocking rates, whilst just 22% intend to reduce (vs 25% in Phase 2, and 44% in Phase 1).
- ❖ Increased farm input costs & insufficient returns from the market continue to influence intentions to reduce stocking rates – although uncertainty surrounding changes to farming support schemes are having a greater impact.
- ❖ Lamb producers intended to achieve reductions in stocking rates by increasing culling rates, and reducing replacements.
- ❖ Those intending to increase stocking rates cited optimism in the market as driving this change.

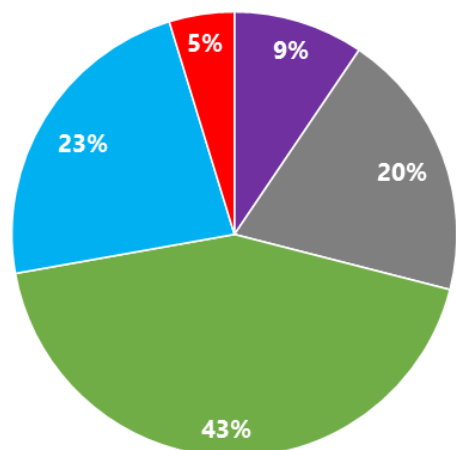
Lamb Producers' Stocking Rate Intentions (*phase 3*)



KEY FINDINGS - Beef Producers

- ❖ 43% of producers suggested that they had **no plans to change** beef livestock numbers over the next 12 months.
- ❖ 28% intended to reduce numbers somewhat – a **reduction** compared to the 34% in Phase 2, and 47% during Phase 1.
- ❖ Uncertainty around **changes to environmental regulations & farming support schemes** were the two main factors influencing decisions to reduce numbers for 45% of respondents – along with increased farm input costs.
- ❖ Beef producers were *marginally* more likely to reduce stock numbers compared to Lamb producers.
- ❖ A **total of 29%** of producers cited that they intended to increase stocking rates, compared to 19% in Phase 2, and 13% in Phase 1.

Beef Producers' Stocking Rate Intentions (phase 3)



- Increase Significantly
- Increase Slightly
- No Change
- Reduce Slightly
- Reduce Significantly

KEY FINDINGS – Agricultural Inputs

- ❖ **Concentrates:** 28% intended to reduce usage over the next 12 months, whilst almost 70% intend to apply no changes.
- ❖ **Fodder:** an overwhelming majority intend to apply no changes to their fodder use in the coming year.
- ❖ **Manufactured nitrogen fertiliser:** 28% intend to reduce usage over the upcoming year, whilst around half intend to apply no changes.
- ❖ **Bedding:** over 70% intend to utilise the same amount, whilst 18% would like to decrease.

OUTCOMES

- The majority of producers (47%) plan to **keep their stocking rates unchanged** the next 12 months.
- However, a **growing proportion intend to increase their livestock numbers** compared to Phases 1 & 2 of the Survey – *almost 30% of producers now plan to increase sheep & beef numbers, up from just 14% in Phase 1.*
- This trend suggests we may see **higher retention rates** within Welsh herds and flocks going forward.
- Many producers noted that recent **weather challenges** have made farming difficult.
- Continued uncertainties within the industry are putting pressure on farming businesses, highlighting the need for **greater clarity** for farmers in Wales.
- Farmers were surveyed in September, before the **Autumn budget announcement** on October 30th, which will likely influence farmer business intentions further.

Phase 3 of the Farmer Intentions Survey reached 270 sheep & beef farmers from all over Wales:



Limitations - There are limitations with regard to this analysis as the survey relied on self-reported information on past and future intentions. This analysis should be understood to give an indication, rather than a definitive account of the actions and intentions of beef and lamb producers in Wales.