

## Teagasc Notes for the week ending Friday September 8<sup>th</sup> 2017

### Teagasc 2016 Drystock eProfit Monitor Analysis

The Teagasc eProfit Monitor analysis for drystock farms for 2016 was released last week it shows that there was little difference between 2015 and 2016 margins and that the major gap in income between the top third of farmers and the average farmer completing eprofit monitor in other years still remains. The following summarises the main points for each of the enterprises.

#### Suckler to beef farms

- The top 1/3 of farms generated a gross output of €2,035 per hectare compared to €1,441 on the average farms, a difference of €594 per hectare or 41%.
- The higher output on the top farms reflected a higher stocking rate (+0.40 LU/ha), a higher output per livestock unit (+41kg) and a higher output value per kg (+10c /kg LW).
- Output per hectare on the top 1/3 of farms was 873 kg or 35% higher (+228 kg) than on the average farm (645 kg per ha).
- Average suckler to beef farms had lower variable costs than the top farms at €714 versus €866 per hectare. However, as a percentage of gross output they accounted for 50% on the average farms compared to 43% of the output on the top farms.
- The gross margin was €1,169 per hectare on the top 1/3 of suckler to beef farms which was 61% higher or €442 per hectare higher than those on the average farms.
- The biggest variable cost on suckler to beef farms in 2016 was purchased forage and concentrate accounting for 35% or €252 per hectare of total variable costs.
- The average suckler to beef farm in 2016 generated a net profit of €185 per hectare excluding premia compared to €563 per hectare on the top 1/3 of farms.

#### Suckler to weanling

- The top 1/3 of producers in this system carried 23% more stock at 1.92 LU per hectare versus 1.56 LU per hectare for the average. They also produced 31 kg per LU more than the average (328 kg v 297 kg).
- Gross output was €998 per hectare in the average group, 29% or €414 per hectare lower than the top 1/3 of farms (€1,412 per ha).
- Variable costs were €550 per hectare on the average farms or 9% lower than on the top 1/3. However, as a proportion of output they accounted for 55% and 43% of the output on the average and top 1/3 of farms, respectively.
- Average fertiliser costs and feed costs (purchased forage and concentrates) accounted for 48% or €265 per hectare of total variable costs in 2016.
- Gross margin per hectare on the top 1/3 of suckling to weanling/store farms was almost 80% higher when compared to the average farm. Top 1/3 of farms generated a gross margin of €805 per hectare compared to €448 on the average farm.
- The low gross margin on the average farms was not sufficient to cover all the fixed costs of €484 per hectare. This had the effect of generating a net loss of €36 per hectare before premia on these farms resulting in them holding on to 93% of their premia.
- In contrast, fixed costs on the top 1/3 of suckling to weanling/store farms were €547 per hectare, leaving a net profit before premia of €258 per hectare.

## Non-breeding farms

- The gross margin on the top 1/3 of non-breeding beef farms was €533 per hectare higher than the average (€1,203 versus €670 per ha).
- The higher gross margin was due to the higher level of output achieved on the top 1/3 of farms (gross output was €752 per ha higher on the top 1/3 of farms).
- The increased gross output on the top performing herds came from three key areas; a higher output per LU, a higher stocking rate and a higher value per kg liveweight sold.
- Output per LU was 56 kg higher than the average on the top 1/3 of farms (446 kg versus 390 kg per LU).
- Stocking rate was 0.45 LU per ha higher (2.22 LU per ha on top 1/3 of farms versus 1.77 LU per ha on the average farms).
- The top 1/3 of farms achieved a value of €2.20 per kg live-weight versus €2.07 per kg achieved on the average farms.
- Variable costs were €219 per hectare higher on the top 1/3 of farms but the higher output offset these costs (variable costs made up 45% of output on the top 1/3 versus 53% of output on the average farms).
- Purchased feed and concentrates accounted for 43% (€327/ha) of variable costs on non-breeding farms.
- The average non-breeding beef farm made a net profit of €128 per hectare whereas the significantly higher gross output on the top 1/3 of non-breeding beef farms resulted in a net profit of €522 per hectare before premia.

## Lowland sheep farms

- The top 1/3 of farms had a stocking rate of 2.0 ewes per hectare higher and produced an extra 0.14 lambs extra per ewe when compared to the average farms.
- The combined effect of the higher stocking rate, higher weaning rate and higher lamb price contributed to gross output being €462 per hectare higher for the top 1/3 of farms (€1,478 versus €1,016 per ha).
- At €909 per hectare the gross margin for the top 1/3 of farms was €384 per hectare higher than the average (€525 per ha).
- Net profit (excluding premia payments) at €355 per hectare for the top 1/3 of lowland sheep farms was €265 per hectare higher than for the average farms (€90 per ha).
- Per ewe, variable costs were €5 lower and fixed costs were €1 lower for the top 1/3 of farms compared to the average farms.
- The gross margin per ewe on the top 1/3 of farms was €96 which was €30 per ewe higher than what was achieved on the average farms (€66 per ewe).
- Purchased feed remains the single biggest variable cost on sheep farms and at €21/ewe this equates to almost €14 per lamb weaned.
- The cost of producing a lamb was €75 and €86 for the top 1/3 and average farms, respectively.

## Comparison of 2016 net margin per ha 2016 for drystock enterprises

	2016 Net margin* per ha		2016 Net margin* per farm	
	Average	Top 1/3	Average	Top 1/3
Suckling to beef	€185	€563	€8,769	€24,547
Suckling to weanling/store	€36 loss	€258	€1,156 loss	€8,746
Non breeding beef	€128	€522	€4,531	€20,984
Lowland sheep	€90	€355		

\* Net margin provides a return to land, capital invested and labour and excludes all premia.

