

Jason Loughrey
Kevin Hanrahan

Ag Econ and Farm Surveys Dept.

Outlook for Beef

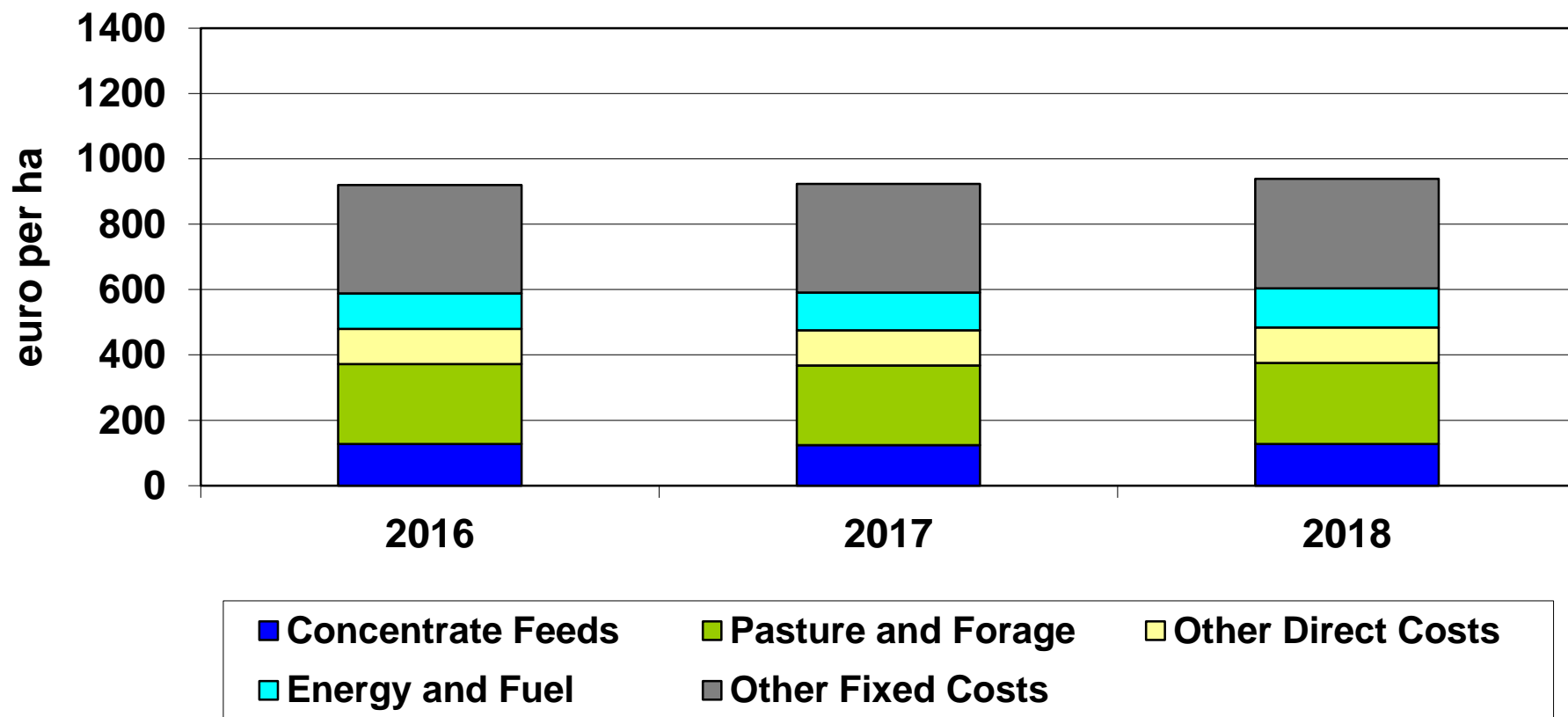


Summary of 2017

- Beef output on Cattle Finishers up due to higher finished cattle prices and additional output per hectare
- Output stable on Single Suckling in 2017
 - BDGP on single suckling farms an upside
- Relatively stable direct and overhead costs
- Improving margins for Cattle Finishers
 - Stable margin for Single Suckling
 - Increased positive net margin for Cattle Finishing

Single Suckling Production Costs 2017 & 2018

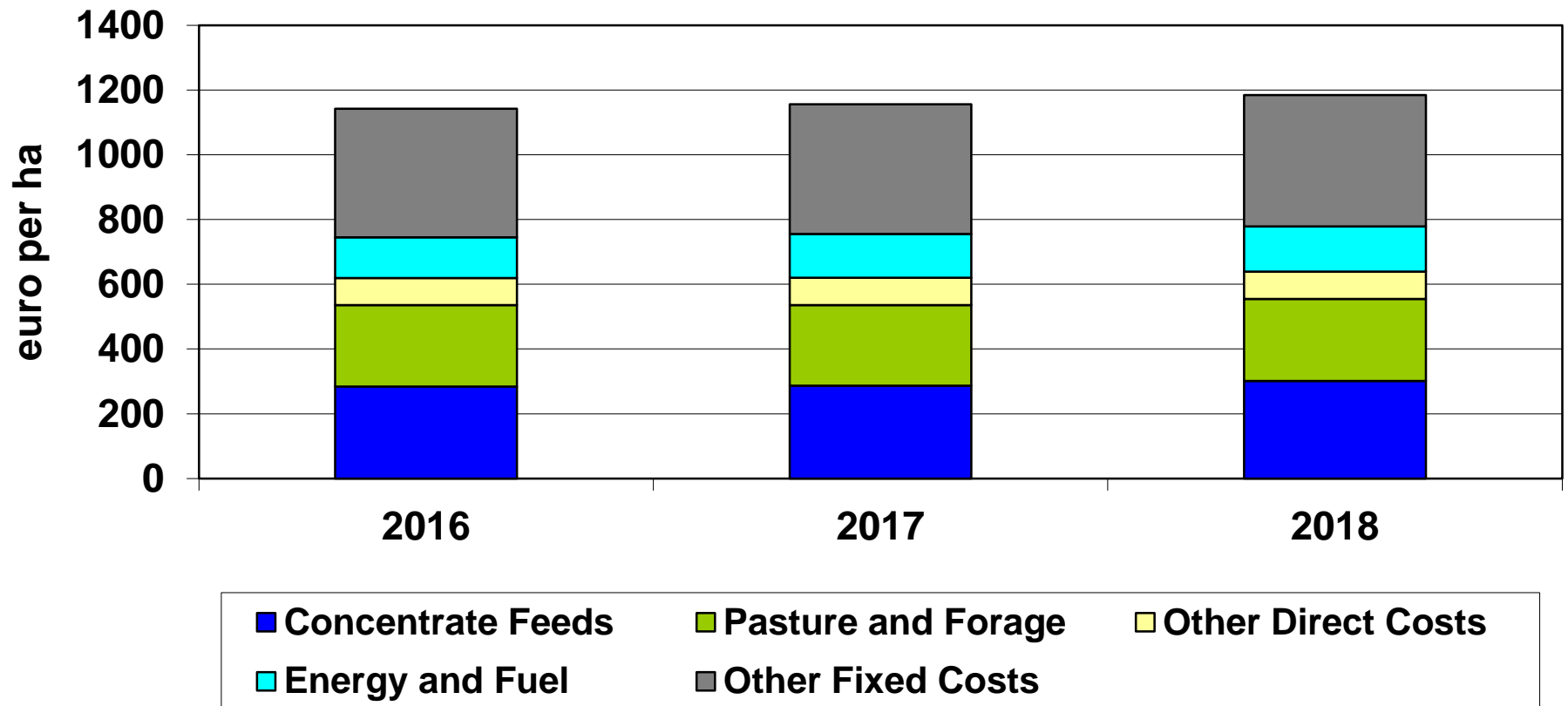
*Stable Costs of
Production over time*



Source: 2016 Teagasc NFS, 2017 Estimate, 2018 Forecast

Cattle Finishing Production Costs 2017 & 2018

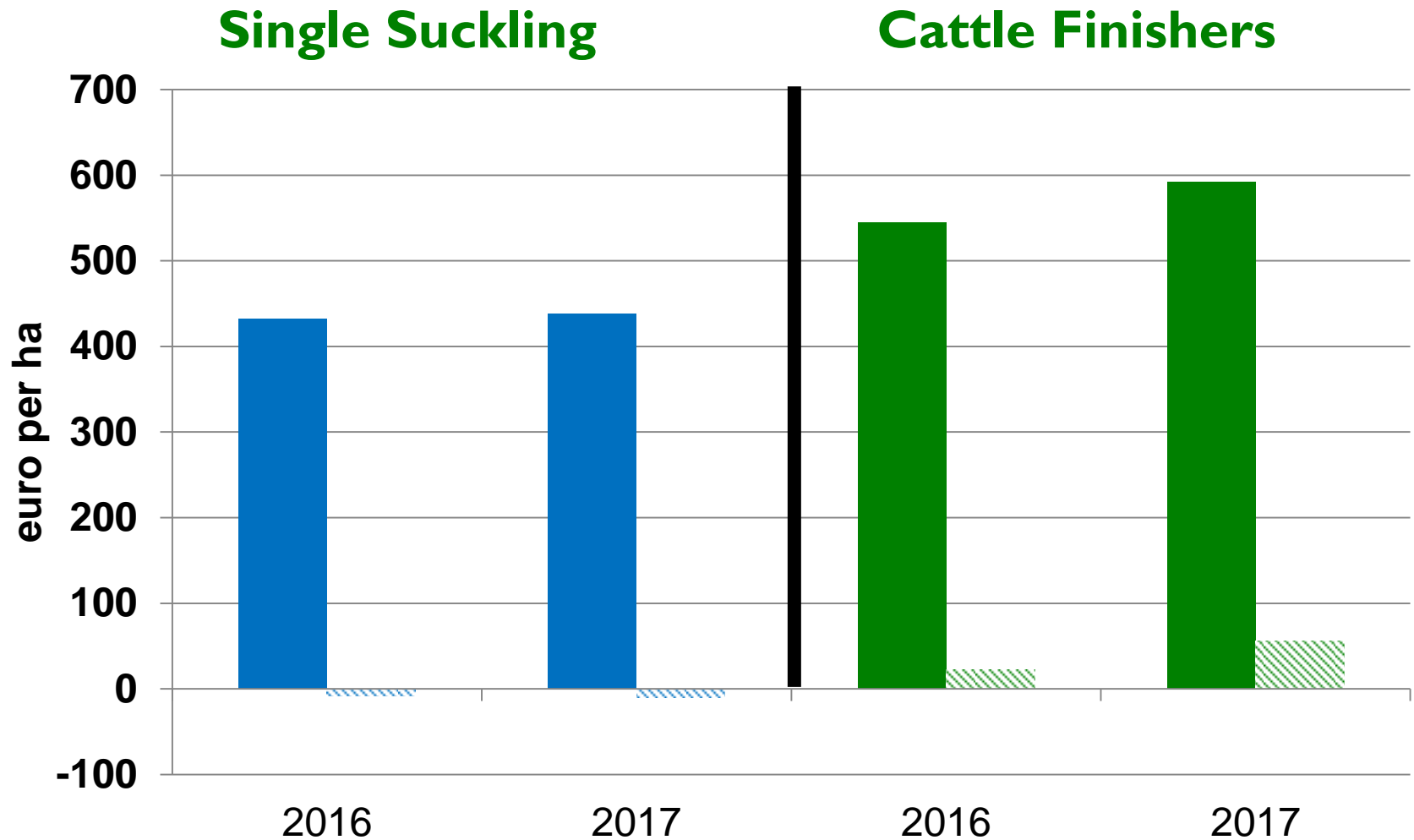
Rising Input Costs due to increased volume of cattle from the Dairy Herd



Source: 2016 Teagasc NFS, 2017 Estimate, 2018 Forecast

Cattle Enterprise Gross and Net Margins

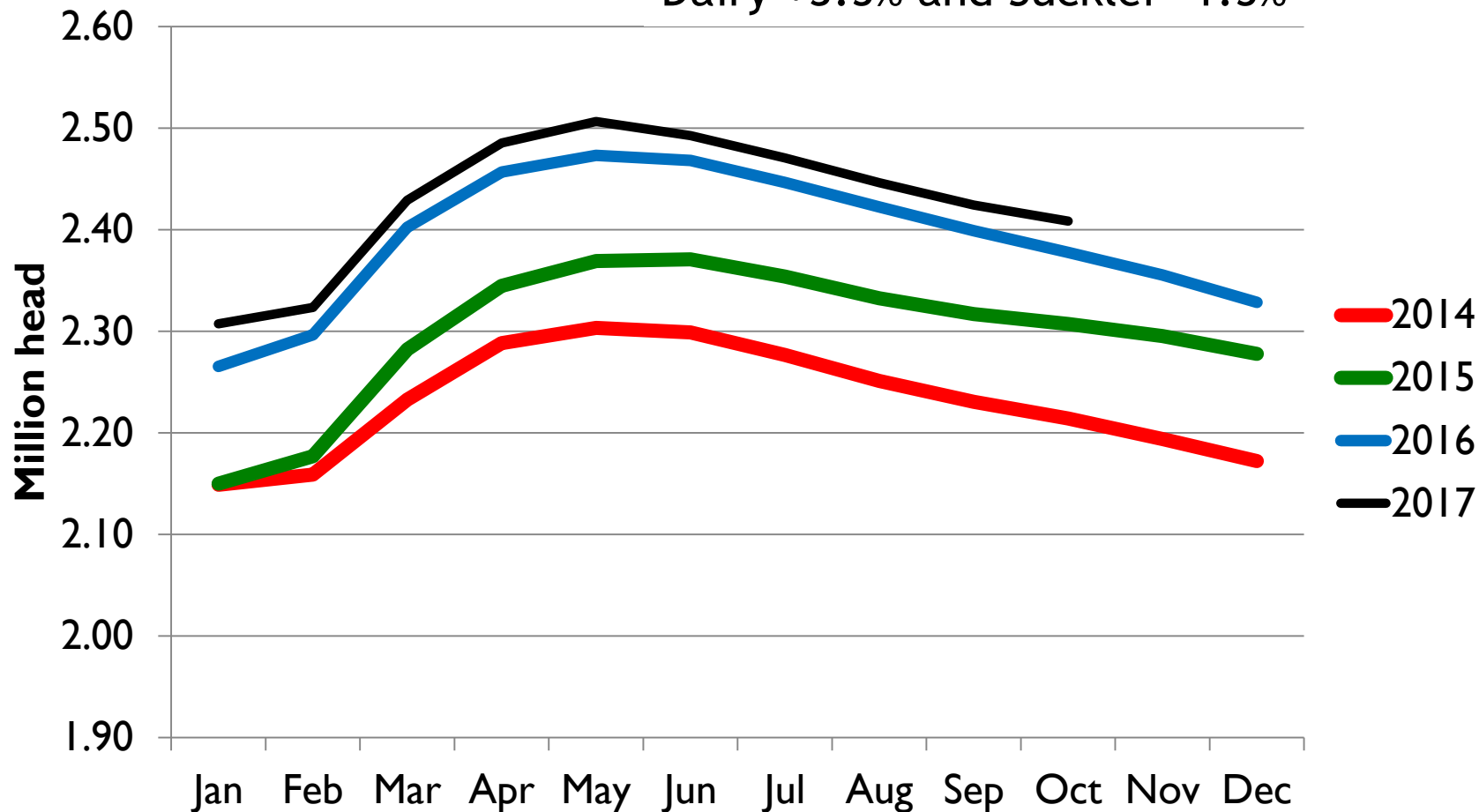
Margins stable or higher in 2017



Source: 2016 Teagasc NFS, 2017 Estimate

Total Cow Inventories Monthly

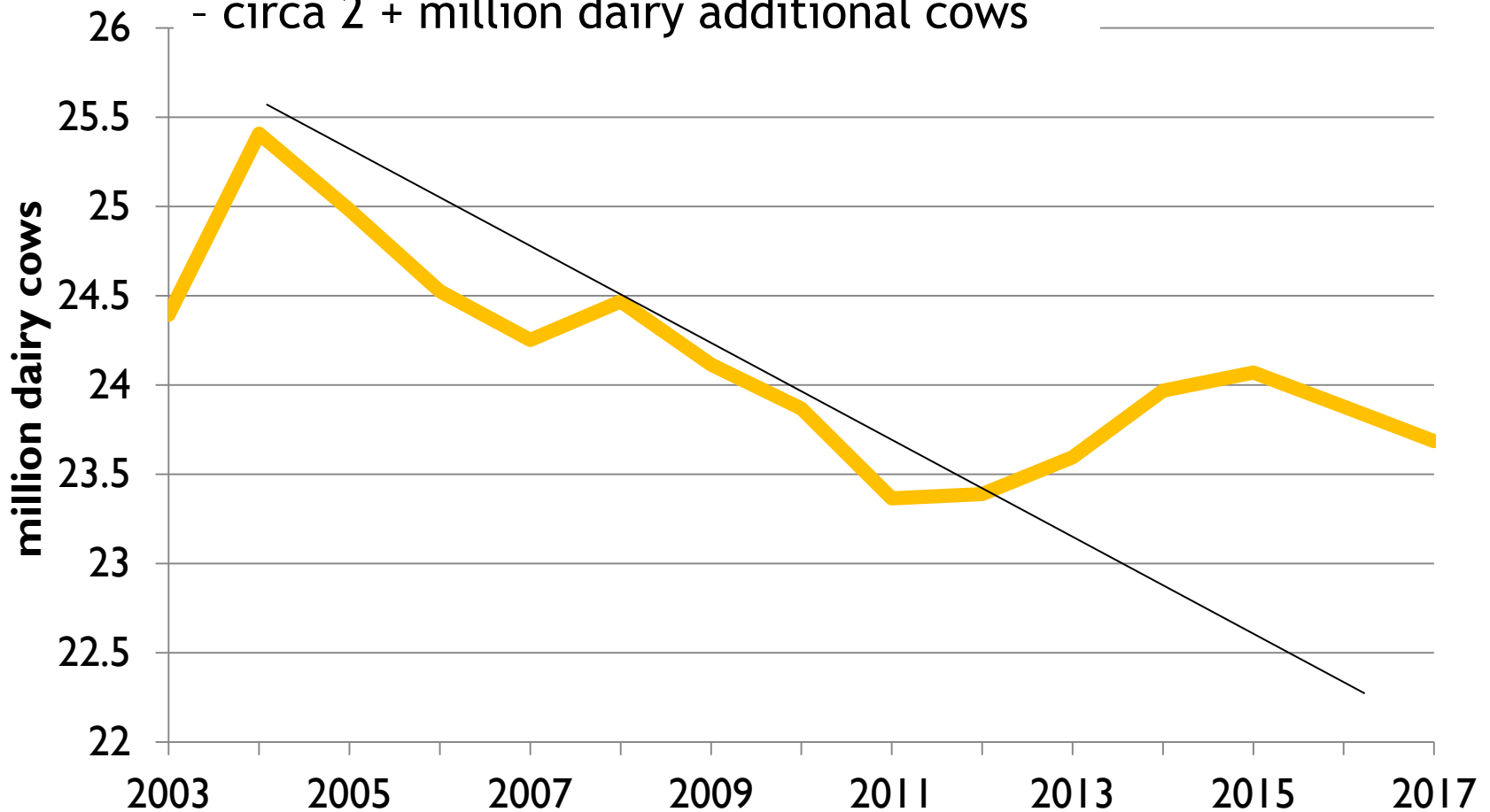
Total cows 1.3% higher in October 2017
Dairy +3.5% and Suckler -1.5%



Source: DAFM AIMS data

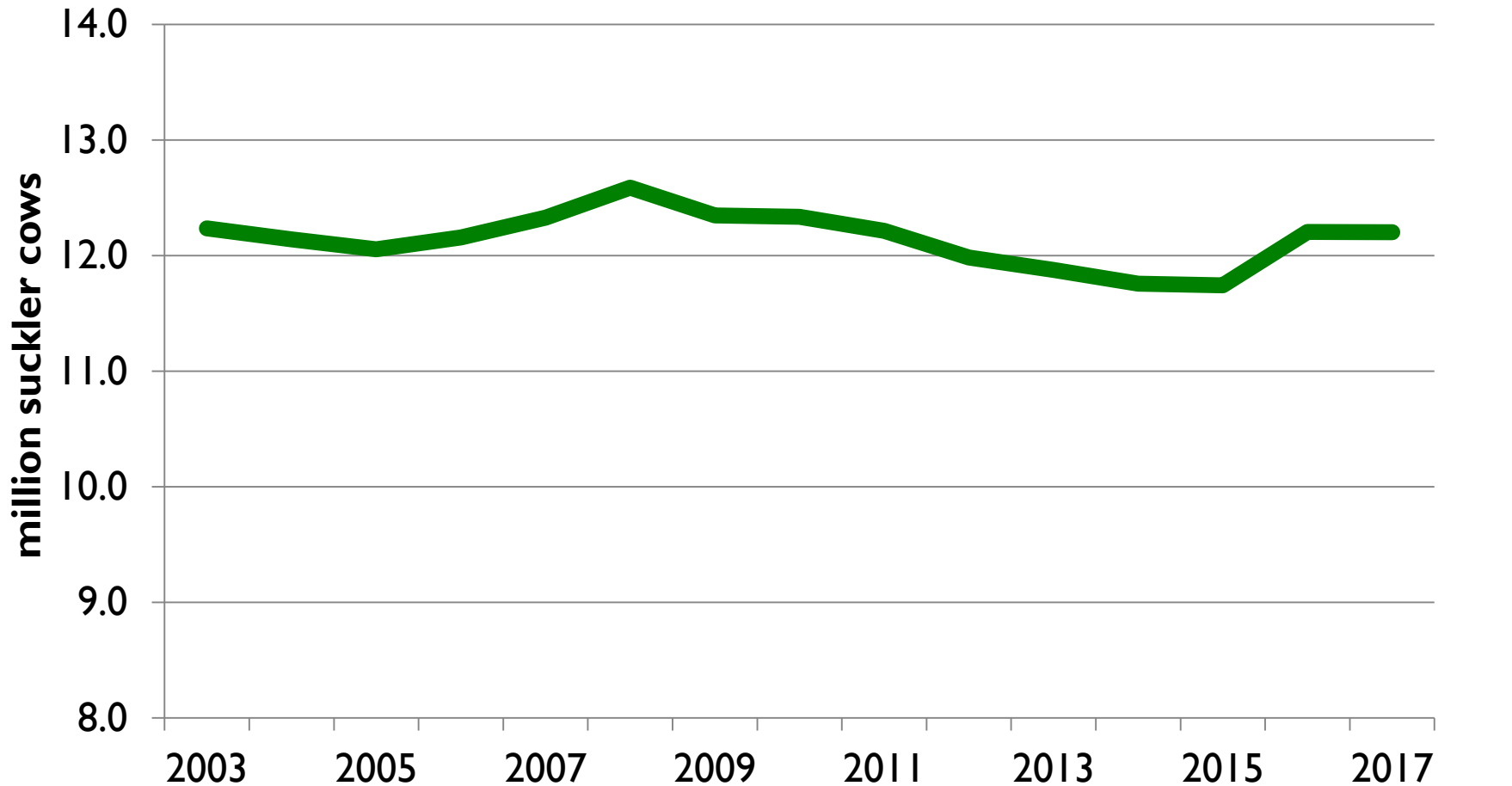
EU28 Dairy Cows

Trend break in dairy cow numbers
- circa 2 + million dairy additional cows



EU28 Suckler Cows

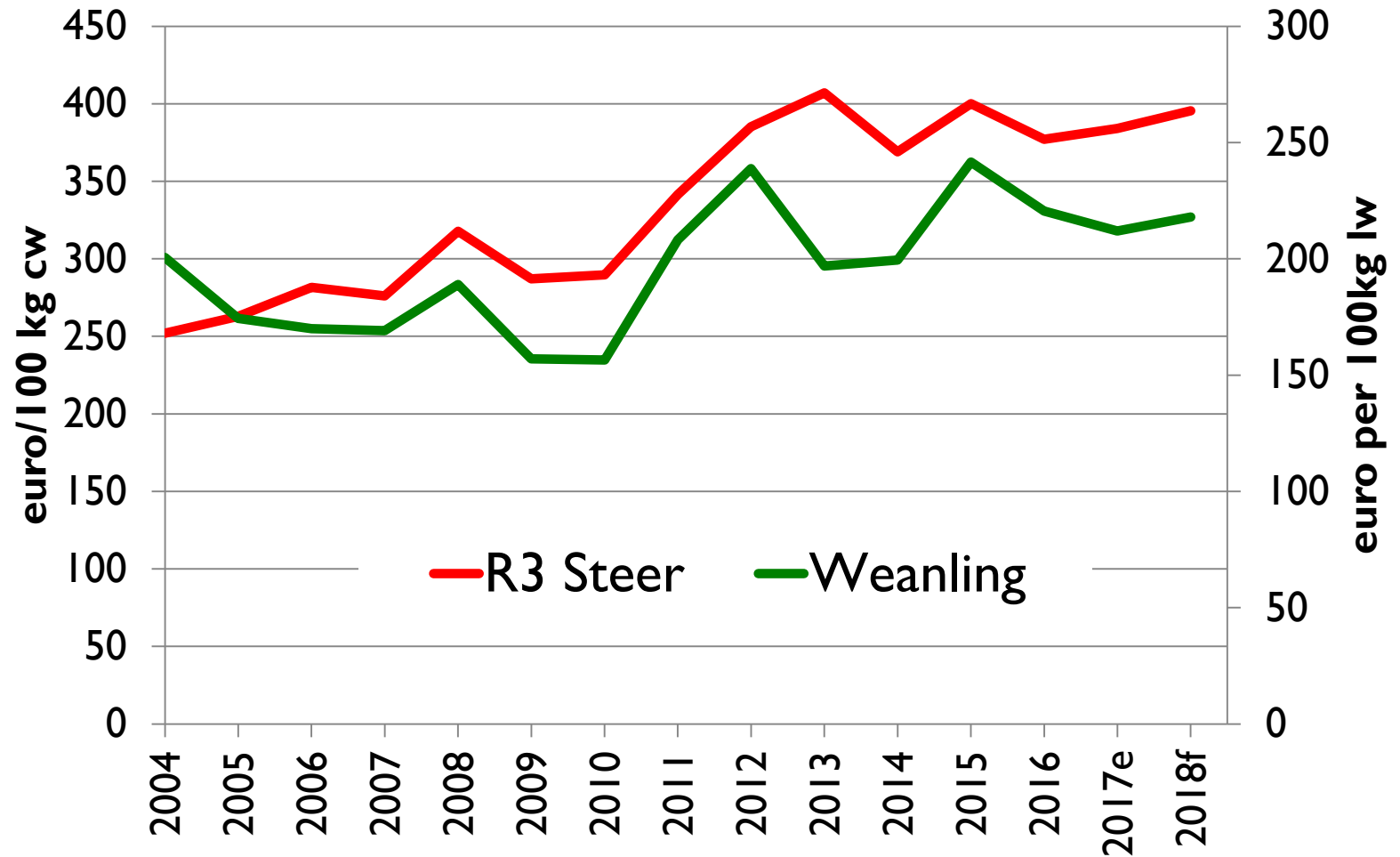
Despite recent growth in EU suckler cows (driven by ES & FR)
Aggregate cow (dairy & beef) inventories lower => reduced beef supply



2018 Forecast

- EU demand for beef growing
 - demand growth forecast to be ahead of supply
- UK market to remain important to Ireland
 - But risk of weaker pound could lower € price
- Stronger world beef market in 2018
- 3 years of expansion in EU dairy herd ended in 2016
 - Fewer prime cattle now coming on-stream
 - Declining EU beef supply in 2018
- Increased cow numbers in Ireland
 - Growth has continued but at a slower pace
 - Growth in availability of cattle for slaughter but at a slower pace
- Irish prices forecast to increase moderately in 2018

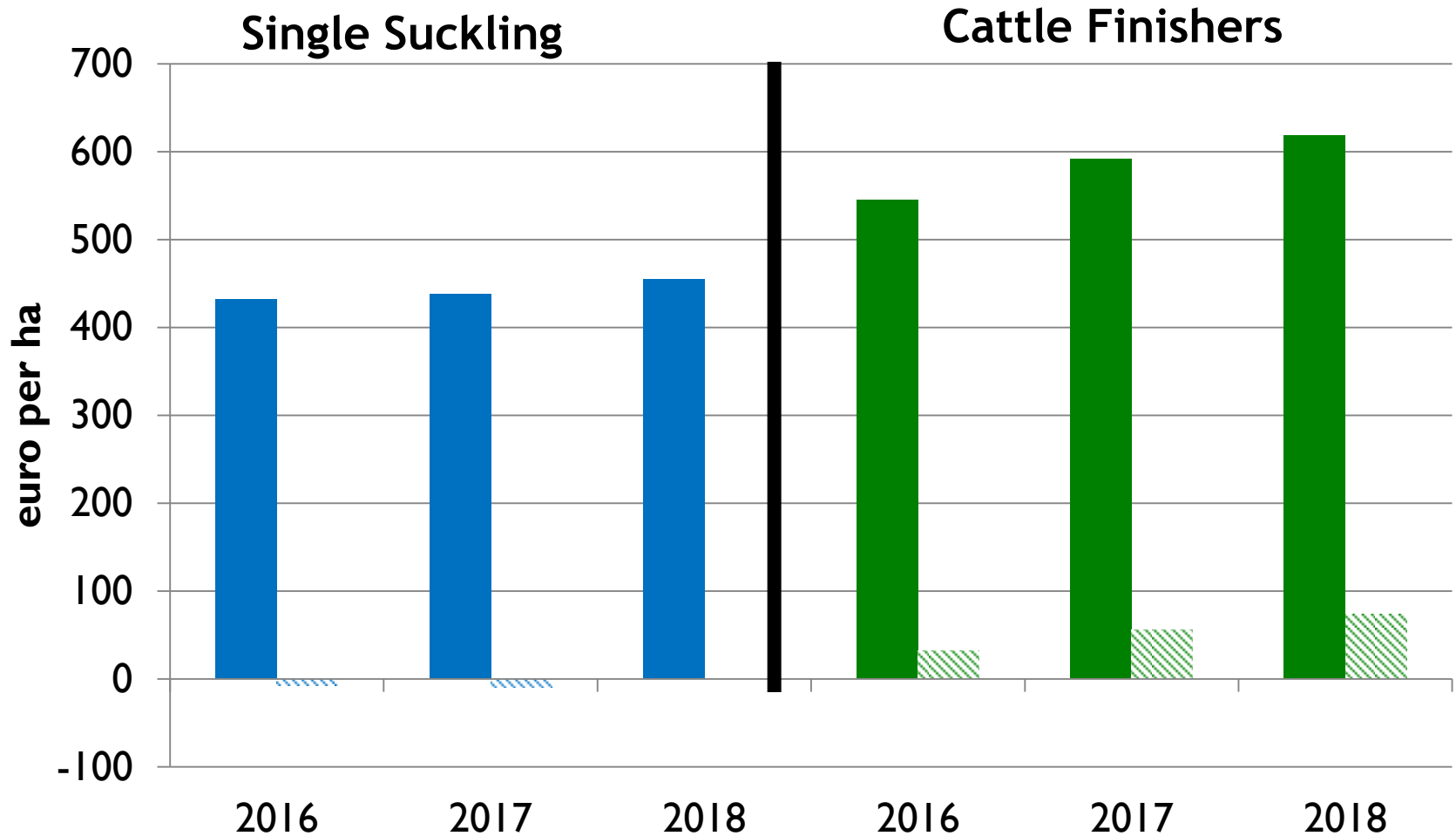
Cattle Prices 2018 Forecast



Source: DG Agri, CSO and Author's estimate and forecast

Cattle Enterprise Gross & Net Margins

Marginal improvements in 2018



Source: 2016 Teagasc NFS, 2017 Estimate, 2018 Forecast

Cattle Conclusions

- Dairy based beef supply growth in Ireland
- Aggregate EU beef supply to contract in 2018
 - Stabilisation in EU & Irish suckler numbers?
- World markets set to grow in 2018
- Demand growth in EU coincides with reduced supply giving rise to moderate price increases
- Positive outlook on cattle prices and margins
 - 2018 Cattle Finishing gross margin up 5%
 - 2018 Single Suckling margin supported by BDGP up 4%
- Irish prices up 3% despite the weaker sterling