Teagasc estimates that the average family farm income in Ireland increased by an estimated 7% in 2019. This finding was included in Outlook 2020, the annual review and outlook of agriculture prepared by Teagasc economists, which was published in November 2019.

A key driver of this 2019 income increase has been a reduction in animal feed use on dairy, beef and sheep farms, as well as additional subsidy supports in the form of exceptional aid measures (BEAM and BEEP schemes*) channelled to cattle producers to alleviate the effects of falling beef prices. While farming in 2018 was dominated by unfavourable weather, production conditions returned to normal for 2019. This led to a substantial reduction in animal feed expenditure by dairy, beef and sheep farmers. There were also cost savings due to lower fertiliser use, as well as lower spending on silage production in 2019. However, price increases for animal feed and fertiliser in 2019 partially offset the cost savings relating to lower input usage.

The volume of milk and cereals produced in Ireland increased in 2019. The production of beef and sheep has been disrupted by the recent blockade of meat factories, which ended shortly after the publication of the Irish beef sector agreement in September 2019. In the year to the end of November 2019, the throughput of cattle and sheep was well behind the previous year, but higher slaughter levels in the last quarter of 2019 should partially offset the drop in beef and sheep output volumes arising from the blockade.

The African swine fever (ASF) outbreak in China has resulted in a sharp increase in international pig prices, including in Ireland, returning the Irish pig sector to profitability in 2019. However, prices for milk, beef and sheep were all lower in Ireland in 2019 compared to 2018.

The **Teagasc Outlook 2020** review reports that lower production costs and exceptional aid is prompting a gradual recovery in farm incomes.

### Farming sector incomes – 2019
Looking across the farming sectors, average incomes on dairy farms have increased in 2019, benefitting from lower production costs and a further increase in milk production. Incomes are estimated to have increased by 14% on average on dairy farms. By contrast, incomes on tillage farms in 2019 are estimated to have fallen considerably, down on average 24%, due to a sharp drop in cereal prices. Incomes on beef farms are estimated to have risen by about 10% in 2019, largely due to the exceptional aid made available to offset falling beef prices in the fourth quarter of 2018 and the first quarter of 2019, and lower spending on inputs in 2019 as compared to 2018. Despite substantially lower marketed output values, incomes on specialist sheep farms are also estimated to be up in 2019, largely due to receipt of exceptional aid pertaining to beef animals on these farms and also receipt of the Sheep Welfare Scheme. The average income on sheep farms is estimated to have increased by 4% in 2019. Family farm income estimates for 2019 for each farming system are illustrated in Figure 1.

### Outlook for 2020
Looking ahead to 2020, a further improvement in average family farm incomes is in prospect. This is conditional on the assumption that normal weather prevails. The expansion in Irish milk production is expected to continue. In 2020 average Irish milk prices are likely to remain similar to the 2019 average. The increase in fertiliser and cattle and sheep feed prices in 2019 is set to reverse in 2020, leading to a slight drop in production costs across grassland and tillage farms. Feed prices are forecast to decline by about 5% in 2020 for the year as a whole, while fertiliser prices are forecast to decline by about 7% in 2020, with no change in fertiliser volume anticipated. Cattle and cereal prices are forecast to improve slightly in 2020,
while milk and lamb prices are likely to remain relatively stable for the year as a whole. While pig feed prices are set to rise slightly in 2020, this will be more than offset by a substantial increase in pig prices, due to the continued fallout from ASF in Asia.

Family farm income
A wide disparity in average income levels exists across the various farm systems and there is considerable variation in income levels within each system type. Dairy and tillage farms are typically located in areas with superior soil and climatic conditions and are, on average, much larger than other farm types. As a result, dairy and tillage farms continue to generate average incomes on a per farm basis that are substantially higher than the average income on beef and sheep farms. Family farm incomes are forecast to increase in 2020 on dairy, tillage and sheep farms, with minor changes in income forecast for cattle farms. Overall, the average family farm income is forecast to rise by 7 % in 2020.

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References


*BEAM – Beef Exceptional Aid Measure; BEEP – Beef Environmental Efficiency Pilot.