

Teagasc National Farm Survey 2019

Cattle Finishing Enterprise Factsheet



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Irish Cattle Finishing Enterprise 2019

Average performance



Irish Cattle Slaughter 
1.908 million head (down 0.6%)



Stocking Rate (Cattle Finishing) 
average of 1.41 LU/ha (down 4%)



Live Exports 
301,565 head (up 18%)



Concentrate Fed/LU (Cattle Finishers) 
average 660 kg (down 15%)



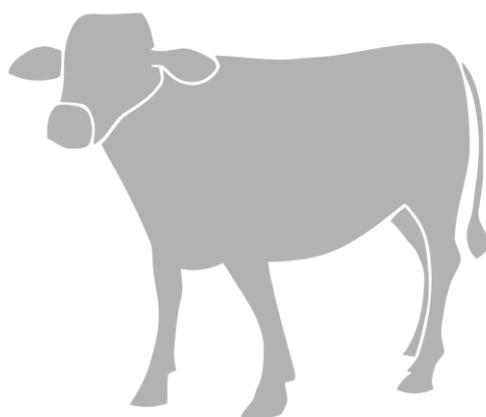
Irish Suckler Cow Numbers 
0.96 million (down 2.6%)



Slaughter Weight/Head 
average 334.6 kg (up 2%)



Weanling purchase price 
average €764/head (down 2%)



Female Store purchase price 
average €835/head (down 2%)



Male Store purchase price 
average €910/head (down 5%)



Male Finished Animals Price 
average €1,382 per head (down 6%)



Total Production Costs (Cattle Finishing) 
average €1,103 per hectare (down 7%)



Female Finished Animals Price 
average €1,195 per head (down 6%)



Gross Margin (Cattle Finishing) 
average €479 per hectare (up 14%)

Background

The 2019 Teagasc National Farm Survey (NFS) recorded data close to 900 farms. The performance of the cattle finishing enterprise in 2019 is summarised here and is based on data for 103 farms. A cattle enterprise is defined as cattle finishing if over 70% of the animals are sold for slaughter. Approximately 14,000 farms nationally are represented in this analysis. The data presented here are for enterprises with more than 10 livestock units (LU) in 2019.

1. Analysis of Financial Performance

The profit figures reported here exclude all decoupled payments and any costs relating to family labour. Cattle enterprise profit figures do include coupled direct payments. In 2019 coupled payments made to participants in the Beef Exceptional Aid Measure (BEAM) scheme were particularly important contributors to gross output value on Irish cattle finishing farms. In 2019, gross output on cattle finishing farms declined by 3% on average to €1,069 per hectare. BEAM scheme payments on the average cattle finishing enterprise were €80 per hectare. In the absence of such coupled support payments, the decline in enterprise gross output would have been close to 10% relative to 2018 and gross margins earned in 2019 would have been more than 5% lower than in 2018.

Concentrate costs declined steeply in 2019 due to a reversion to normal grass growth conditions. Total expenditure on concentrates on cattle finishing enterprises declined by 22%, effectively reversing the large increase in feed costs experienced in 2018. Pasture and forage costs also declined in 2019, with expenditure 3% lower than in 2018. The decrease in costs more than offset the modest decline in gross output, leading to a 14% increase in gross margin in 2019 to €479 per hectare. Total fixed costs were effectively unchanged in 2019, with lower expenditure on fuel and energy offset by growth in other fixed costs of production. Net margin per hectare on cattle finishing farms was -€35 per hectare on average in 2019, a substantial improvement on the negative net margin of -€92 per hectare returned in 2018.

Table 1: Average gross margin and average net margin 2018 and 2019

	2018 € per hectare	2019 € per hectare	2019/2018 % change
Gross Output	1,096	1,069	-3
Coupled Direct Payments (BEEP & BEAM)	0	82	n.a.
Concentrate Costs	350	274	-22
Pasture and Forage Costs	242	236	-3
Other Direct Costs	85	80	-5
Total Direct Costs	677	590	-13
Gross Margin	419	479	14
Energy and Fuel	120	118	-1
Other Fixed Costs	392	395	1
Total Fixed Costs	511	514	0
Net Margin	-92	-35	n.a.

Source: Teagasc National Farm Survey 2019

Table 2 illustrates that on a per LU basis, gross output increased 3% to €720/LU in 2019, with gross margin decreasing 18% to €320/LU on average. Total costs decreased marginally, with the net margin on a per LU basis improving to -€49 in 2019 (an improvement of €26 per LU relative to 2018).

Table 2: Average, gross and net margin 2018 and 2019

	2018 € per LU	2019 € per LU	2019/2018 % change
Gross Output	698	720	3
Total Direct Costs	426	400	-6
Gross Margin	272	320	18
Total Fixed Costs	347	368	6
Net Margin	-75	-49	n.a.

Source: Teagasc National Farm Survey 2019

Table 3 presents the average purchase and sales prices recorded on cattle finishing farms for the various animal types in 2018 and 2019, with 2019 being a year characterised by low cattle prices. Prices for cattle purchases in 2019 declined by between 2% for weanlings and female stores relative to the levels observed in 2018, while finished prime cattle prices in 2019 declined by 6% with cull cow prices over 11% lower than in 2018. The impact of these lower cattle sales prices on enterprise gross output and profit in 2019 would have been much larger but for the introduction of the Beef Exceptional Aid Measure (BEAM). Cattle finishers who participated in BEAM were paid €100 per animal slaughtered up to a maximum of 100 animals, subject to a requirement that bovine manure nitrogen was reduced by 5% between July 2020 and June 2021, relative to the volume of manure produced from July 2018 to June 2019. Not all eligible farmers participated in the BEAM scheme. Nevertheless, on average the scheme was worth €80 per hectare to participating farmers in 2019.

Table 3: Animal purchase and sale prices 2018 and 2019

	2018 € per head	2019 € per head	2019/2018 % change
Weanlings Purchases	780	764	-2
Male Stores Purchases	952	910	-4
Female Stores Purchases	854	835	-2
Finished Males Sales	1,475	1,383	-6
Finished Females Sales	1,275	1,195	-6

Source: Teagasc National Farm Survey 2019

2. Variation in Financial Performance

Table 4 summarises results for farms classified on the basis of gross margin per hectare; with cattle finishing farms broken into the best performing one-third of farms (Top), the middle one-third (Middle) and the poorest performing one-third (Bottom). The value of gross output per hectare varies considerably across the three groups, mostly due to differences in stocking rates (LU/hectare). Gross margin for the Top farms in 2019 was almost 10 times higher than for the Bottom group of farms. In 2018, total direct costs on the more intensively stocked Top performing farms were approximately 76% higher than total direct costs of the less intensively stocked Bottom group.

Table 4: Costs and profit by Top, Middle and Bottom Cohorts in 2018

		Top	Middle	Bottom
Stocking rate	LU/hectare	1.80	1.40	1.04
Farms on Very Good soils	% of Farms	75	59	66
Gross Output	€/hectare	1,803	942	481
Concentrates	€/LU	251	149	137
Pasture and Forage	€/hectare	272	256	180
Other Direct Costs	€/hectare	108	91	42
Total Direct Costs	€/hectare	631	496	359
Gross Margin	€/hectare	1,171	446	122

Source: Teagasc National Farm Survey 2019

The average sale and purchase prices recorded for the various animal types traded by the Top, Middle and Bottom cattle finishing farms are presented in Table 5. The variation in finished sale prices is narrower than that evident for store purchase prices. In 2019 the Bottom performing group purchased store animals at higher or close to equal to prices paid by the average farm in the Top and Middle performing groups.

Table 5: Average purchase and sale prices for Top, Middle and Bottom

	Top	Middle	Bottom
		€ per head	
Weanlings Purchases	799	707	729
Male Stores Purchases	966	775	1,005
Female Stores Purchases	785	895	893
Finished Males Sales	1,433	1,282	1,398
Finished Females Sales	1,156	1,231	1,229

Source: Teagasc National Farm Survey 2019

3. Variation in Technical Performance

Table 6 presents selected technical performance indicators for cattle finishing enterprises in 2018 and 2019. As noted earlier, the reversion to normal weather and grass growing conditions in 2019 was reflected in a large decline in concentrate feed use and costs. Concentrate feed usage (per livestock unit) in 2019 was down 15% year-on-year (completely reversing the increase observed in 2018), while labour efficiency (LU per labour unit) increased by 3%.

Table 6: Technical Performance Indicators 2018 and 2019

		2018	2019	2019/2018 % Change
Concentrate feed usage	kg per LU	774	660	-15
Stocking rate	LU per hectare	1.46	1.41	-4
Labour efficiency	LU per labour unit	49	50	3

Source: Teagasc National Farm Survey 2019

There was a decrease in the proportion of cattle finishing farms earning a negative gross margin in 2018 (i.e. where output value was less than the direct costs of production) with the share falling from 10% to 5%. There was an increase year-on-year in the proportion of farms earning a gross margin of between €0 and €150 per hectare, where the percentage of farms increased from 15% to 22%. There was a large increase in the proportion of farms earning a gross margin of greater than €500 per hectare, with the percentage of farms in this category increasing from 30% to 38%.

Table 7: Distribution of gross margin per hectare 2017 and 2018

Gross Margin	% of farms 2018	% of farms 2019
<€0 per hectare	10	5
€0-€150 per hectare	15	22
€150-€300 per hectare	19	10
€300-€500 per hectare	26	25
>€500 per hectare	30	38

Source: Teagasc National Farm Survey 2019

For further information on this publication or other Teagasc National Farm Survey Publications please contact NFS@teagasc.ie