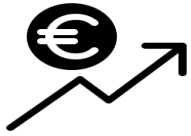


Outlook for Cattle

Jason Loughrey and Kevin Hanrahan



2021 – A Year of Inflation



12% increase in
steer prices



4% increase in gross
margin on cattle
rearing



8% increase in
Weanling prices



9% increase in
gross margin on
cattle finishing



9% increase in Store
prices



No major changes in net
margins in 2021



8% increase in total
input costs



Cattle Rearing – Costs Impact in 2021

Gross Output

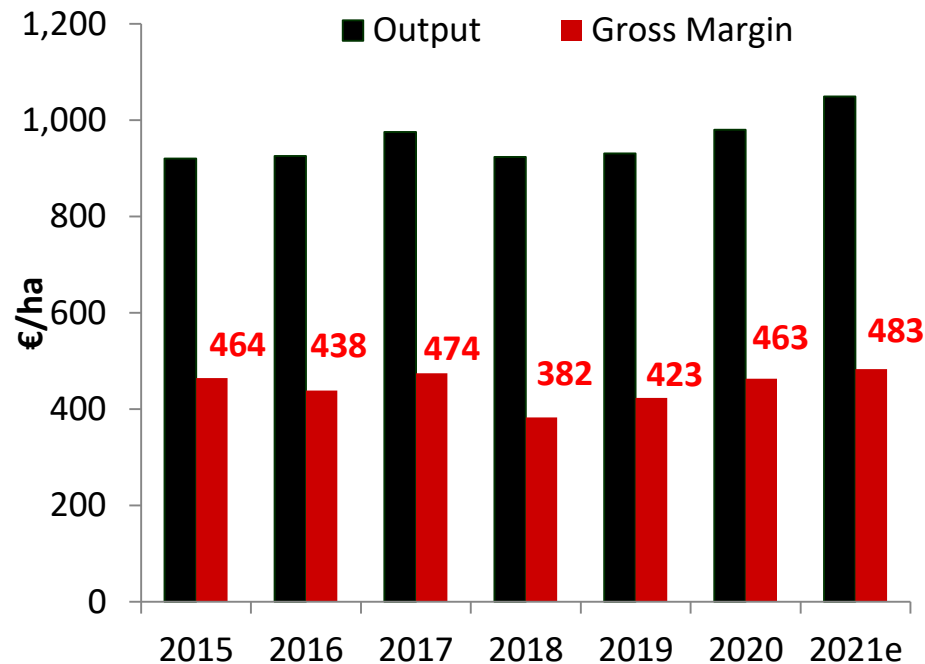
↑ 7%

Gross Margin

↑ 4%

Total Cost

↑ 7%



Average Output & Margin 2015-2020, 2021 estimate

- Average Net Margin per hectare

- -€25 in 2020
- -€30 in 2021

Source: Author's estimates using Teagasc National Farm Survey data

Cattle Finishing – Average Net Margin up Slightly in 2021

Gross Output

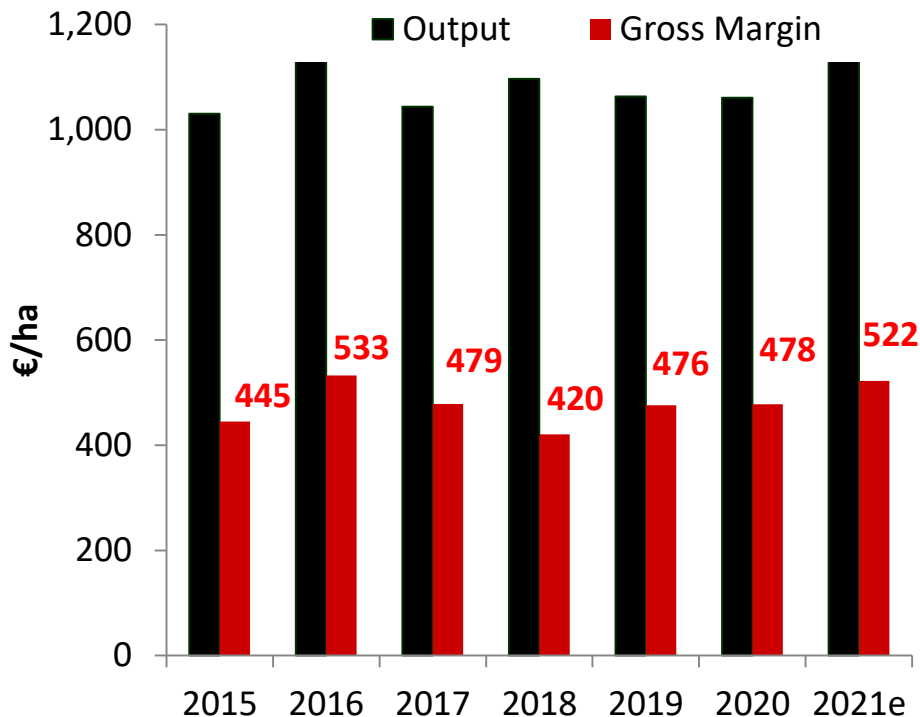
↑ 11%

Gross Margin

↑ 9%



- Average Net Margin per hectare
 - -€50 in 2020
 - -€36 in 2021



Average Output & Margin 2015-2020, 2021 estimate

Source: Author's estimates using Teagasc National Farm Survey data

Cattle Finishing – Top Third Margins Up in 2021

Gross Output

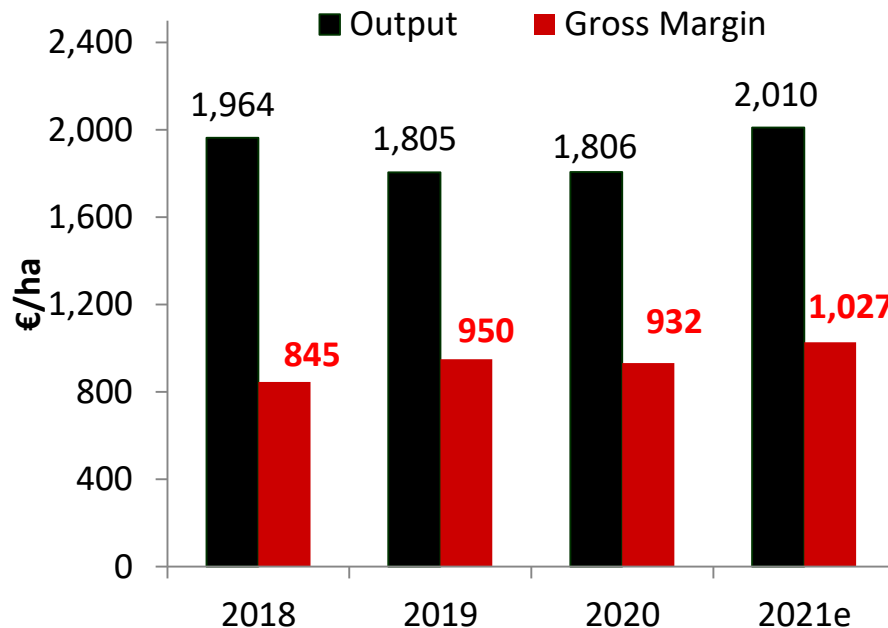
↑ 11%

Gross Margin

↑ 10%



- Average Net Margin per hectare
 - +183 in 2020
 - +255 in 2021



Source: Author's estimates using Teagasc National Farm Survey data

Average Output & Margin 2018-2020, 2021 estimate

Cattle Rearing – Top Third Stable in 2021

Gross Output

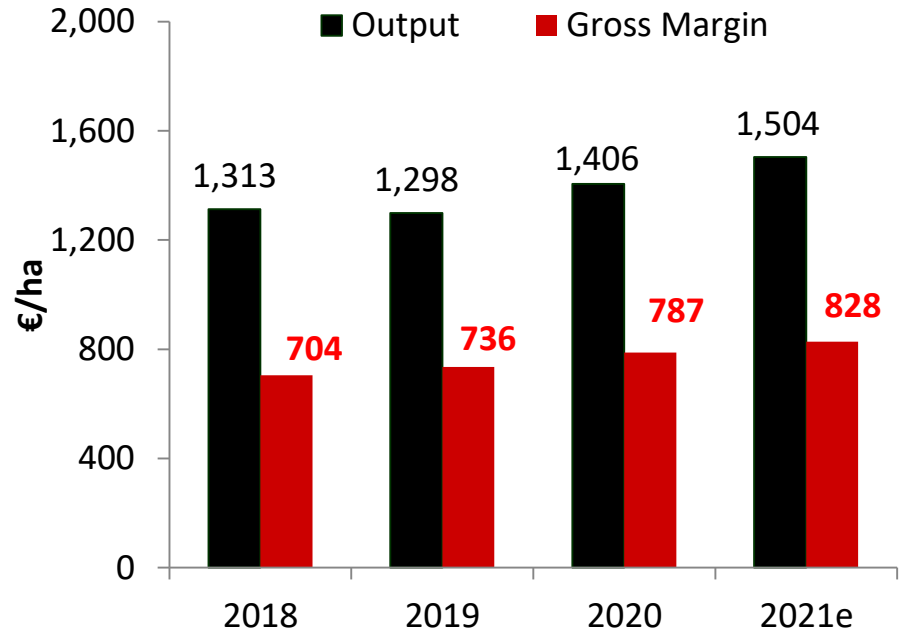
↑ 7%

Gross Margin

↑ 5%



- Average Net Margin per hectare
 - +110 in 2019
 - +154 in 2020
 - +163 in 2021

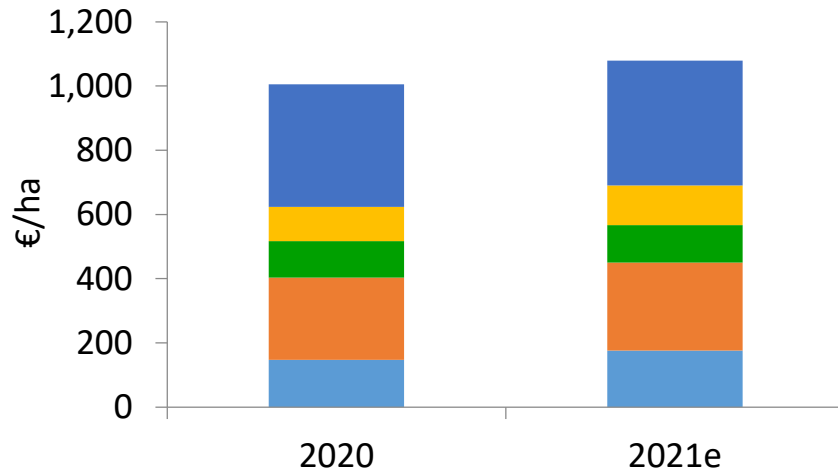


Average Output & Margin 2018-2020, 2021 estimate

Source: Author's estimates using Teagasc National Farm Survey data

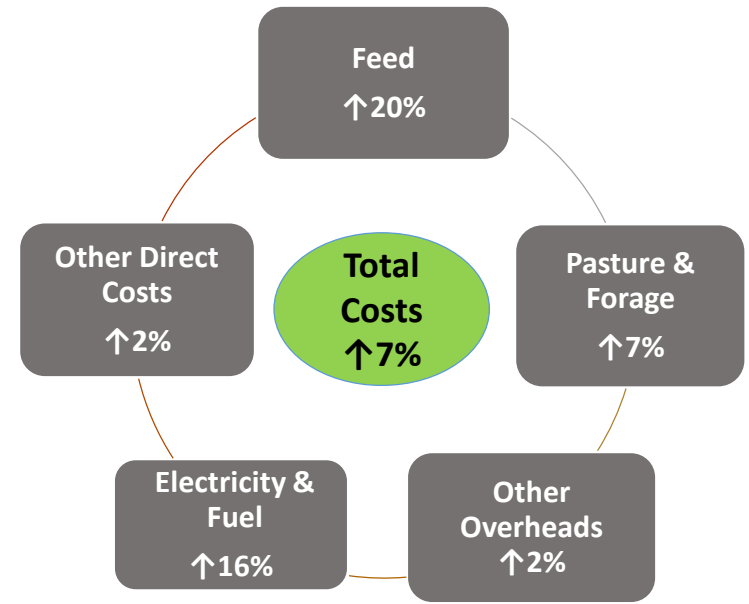
Input Expenditures Up on Cattle Rearing in 2021

- Expenditure Levels 2020 and 2021



- Concentrate Feeds
- Pasture and Forage
- Other Direct Costs
- Energy & Fuel
- Other Overhead Costs

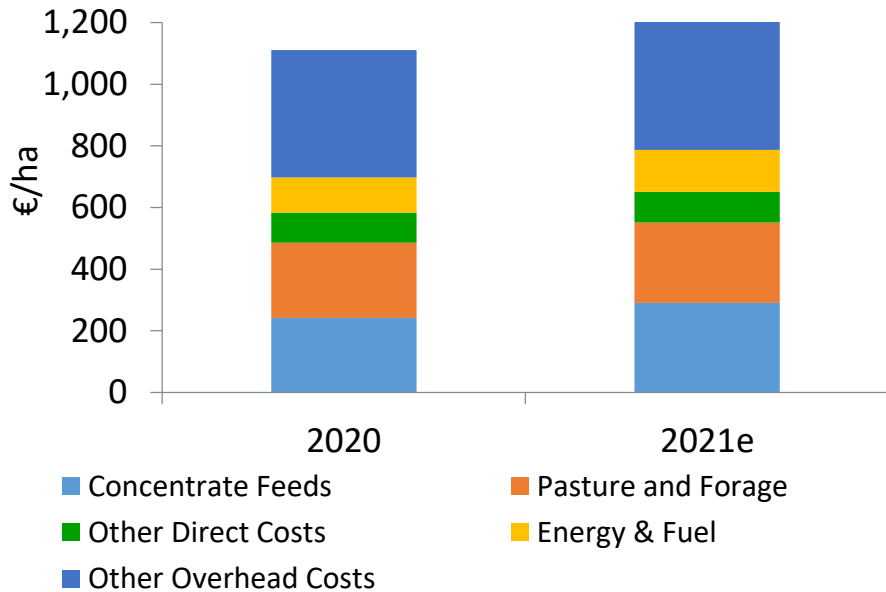
- Expenditure change in 2021



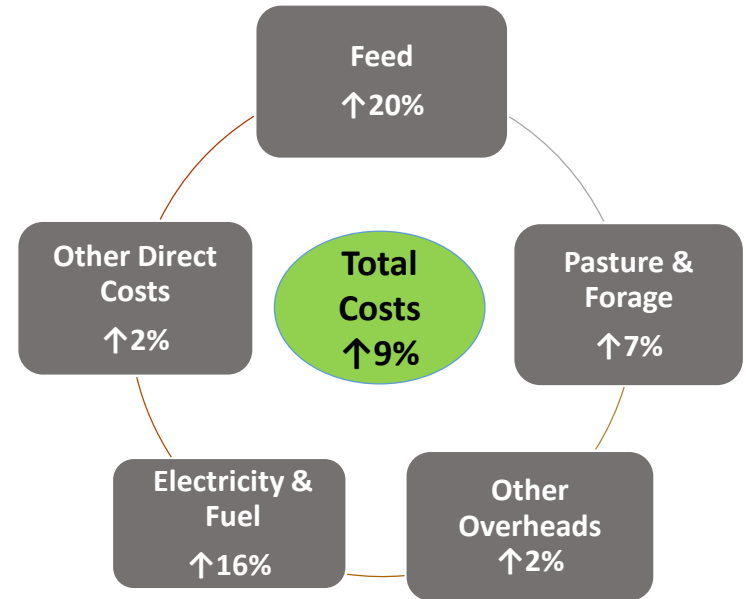
Source: Authors' estimate for 2021

Input Expenditures Up on Cattle Finishing in 2021

- Expenditure Levels in 2020 and 2021

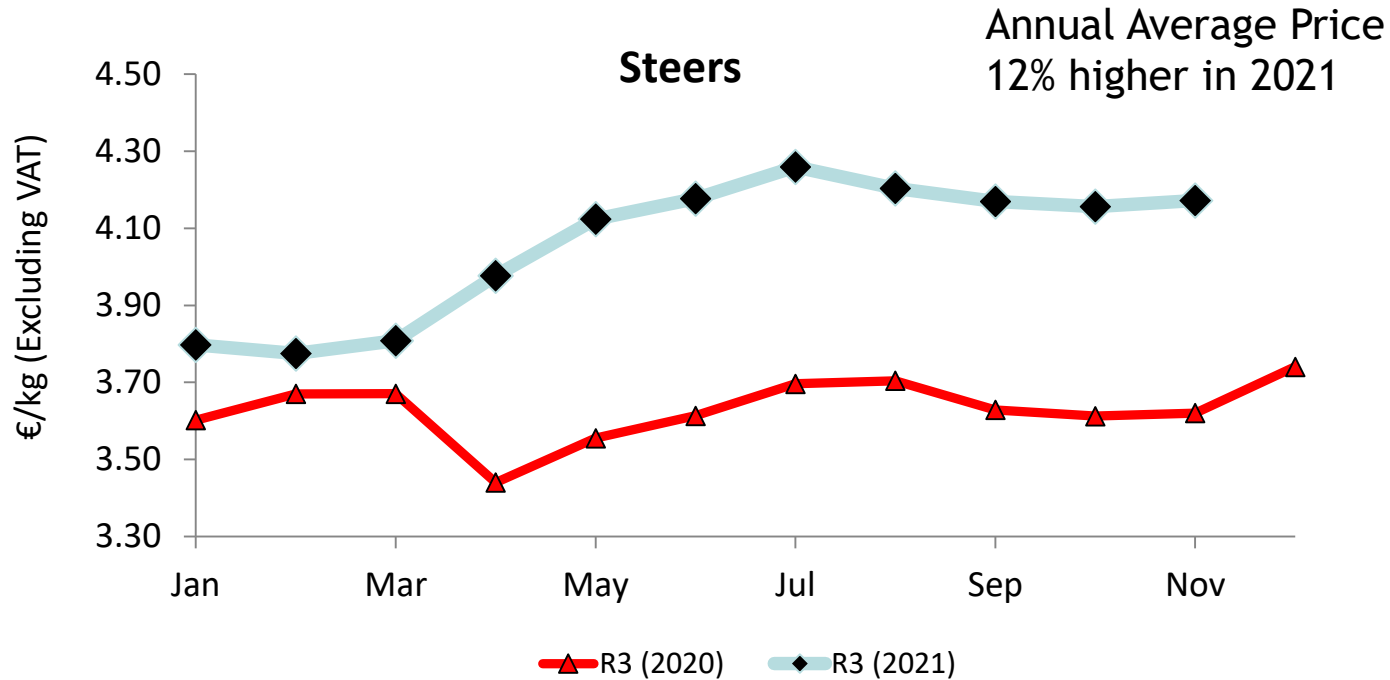


- Expenditure change in 2021



Source: Authors' estimate for 2021

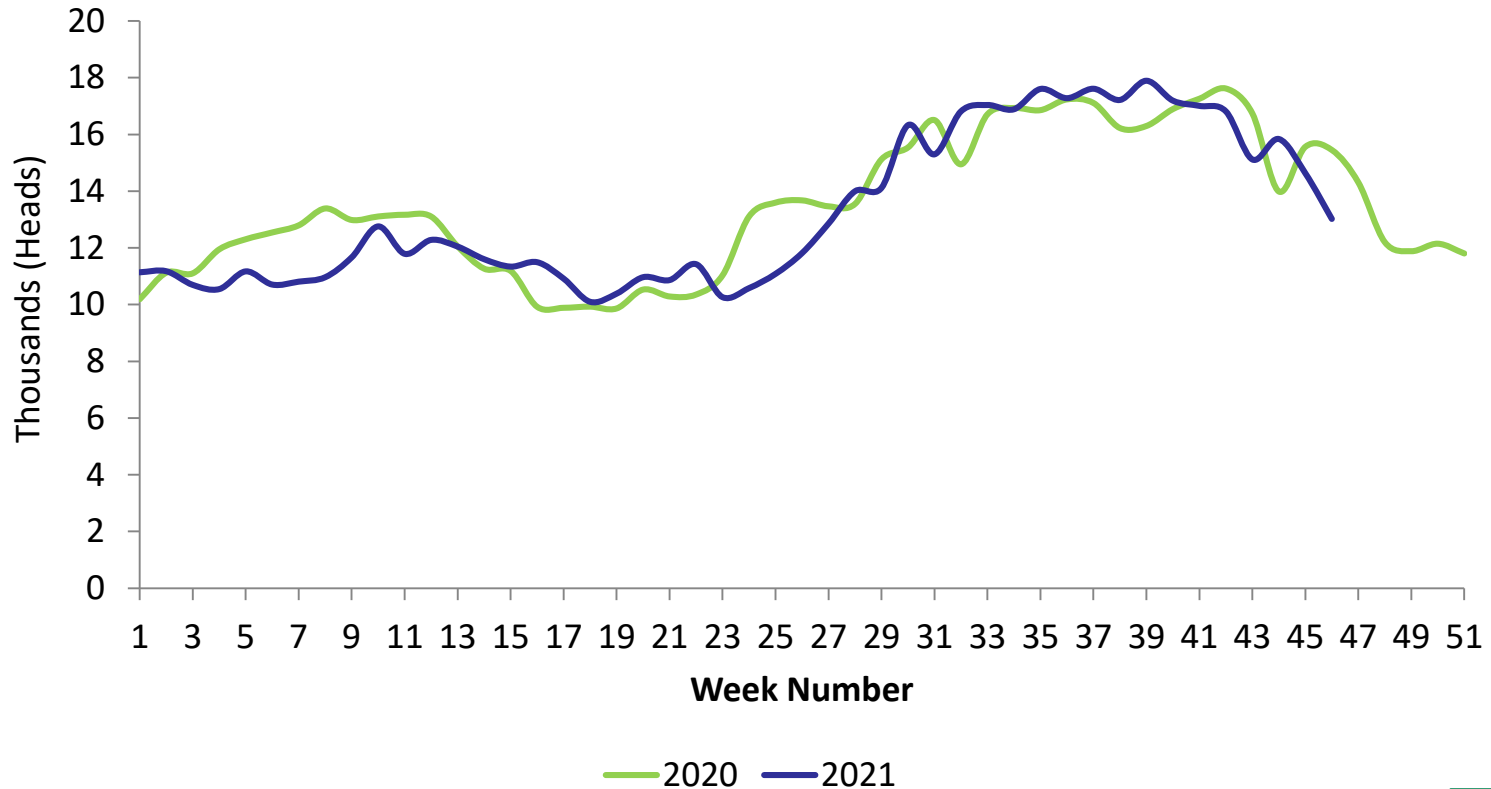
Irish Beef Prices are Higher in 2021



Source: European Commission and DAFM

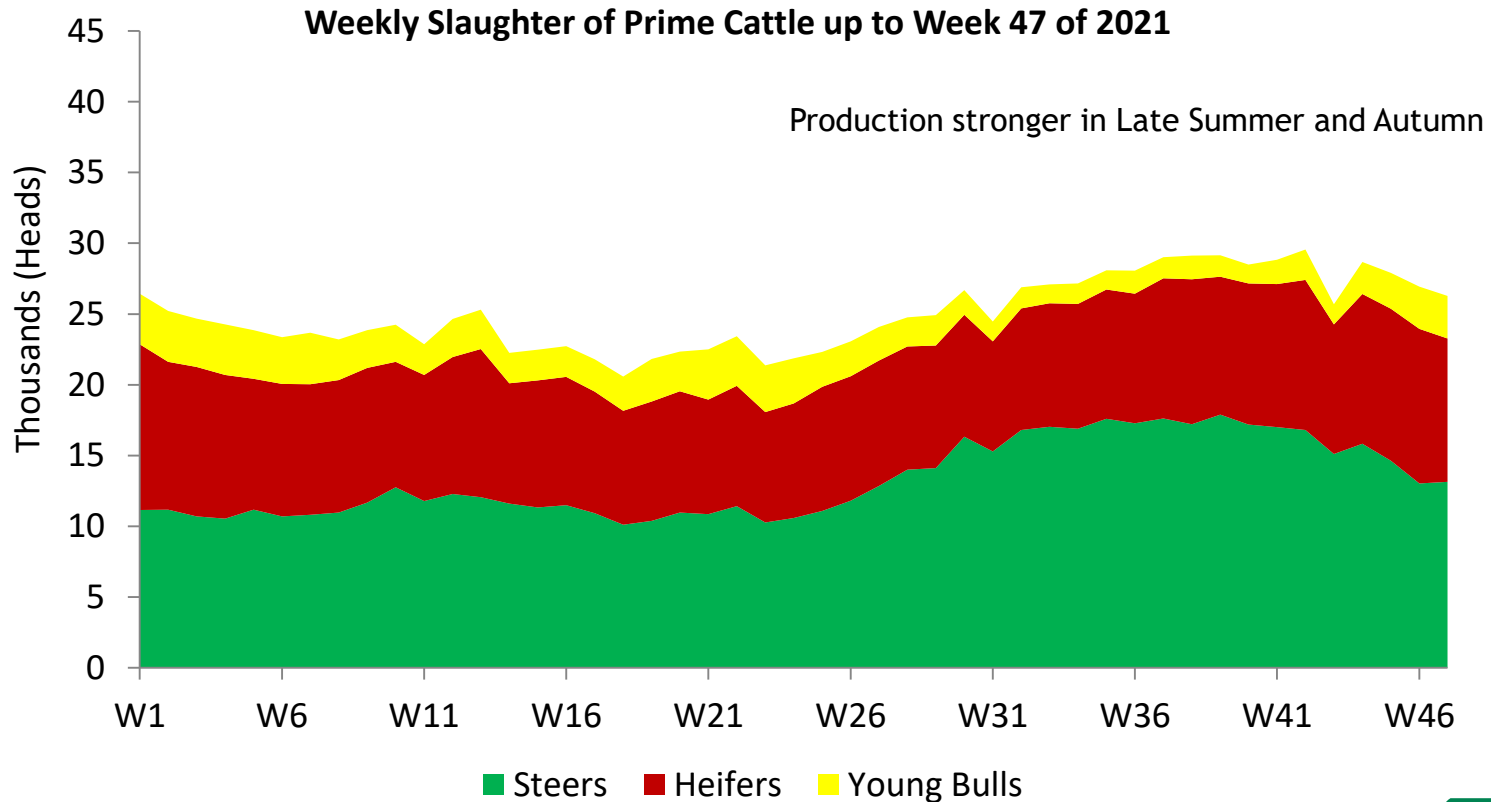
Steer Cattle Production

Less Volatile but Down 2% in 2021



Source: Author's calculations using DAFM Weekly Meat Market Reports up to Week 47 of 2021

Prime Cattle Production in 2021

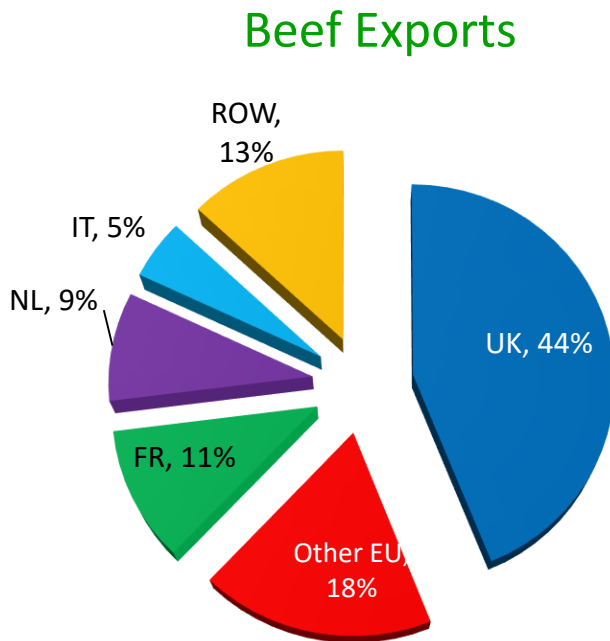


Source: Author's calculations using DAFM Weekly Meat Market Reports

Beef Exports to the EU higher in 2021

EU Share
[Jan to Aug]

2020 36%
2021 43%

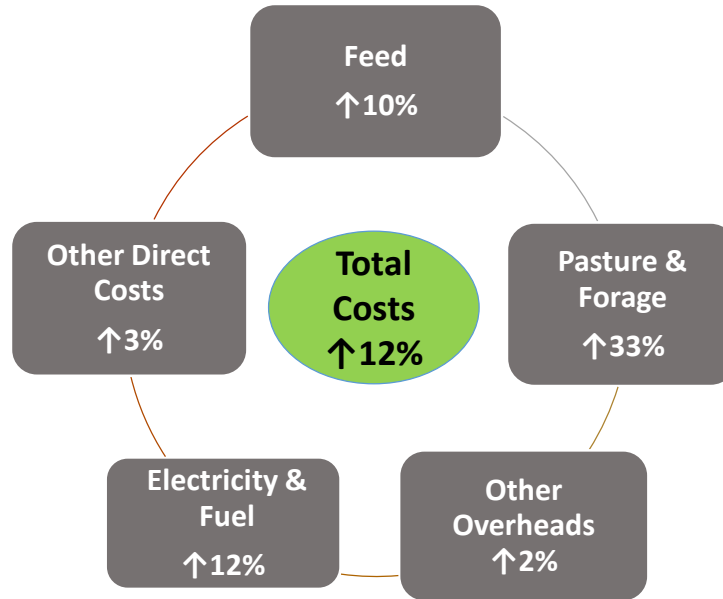


Source: Eurostat COMEXT (year through August)

Outlook for 2022



Input Expenditures increase in 2022



2022

- Consumer beef prices at record levels in USA, China, France and elsewhere
- COVID-19 affecting Europe and UK entering Q1
- EU Production down in 2022
- EU Imports limited – shipping costs

	2018	2019	2020	2021e	2022f
Net Production	7,067	6,964	6,901	6,867	6,805 (-0.9%)
Domestic use	6,843	6,774	6,616	6,585	6,546 (-0.6%)
Difference	224	190	285	282	259

Source: European Commission Short-term Outlook
Units: Thousand tonnes (CWE)

2022

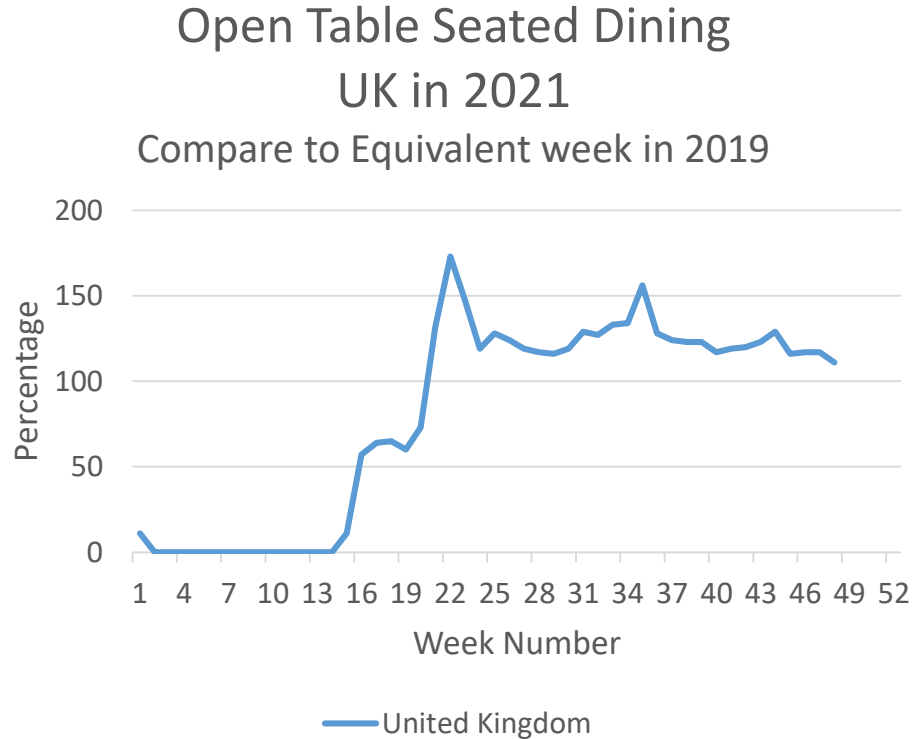
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Domestic use	6,843	6,774	6,616	6,585	6,546 (-0.6%)
Difference	224	190	285	282	259
Imports	371	386	307	322	
Exports	595	577	592	604	634

Source: European Commission Short-term Outlook
Units: Thousand tonnes (CWE)

2022

- Consumer beef prices at record levels in USA, China, France and elsewhere
- COVID-19 affecting Europe and UK entering Q1
- EU Production down in 2022
- EU Imports limited – shipping costs
- Exchange rates and consumer demand in the UK

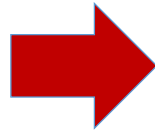


Source: ONS

2022 – Rising Costs Reduce Farm Incomes



No change in steer prices



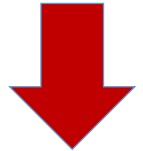
22% decrease in gross margin on cattle rearing



3% decrease in Young cattle prices



10% decrease in gross margin on cattle finishing



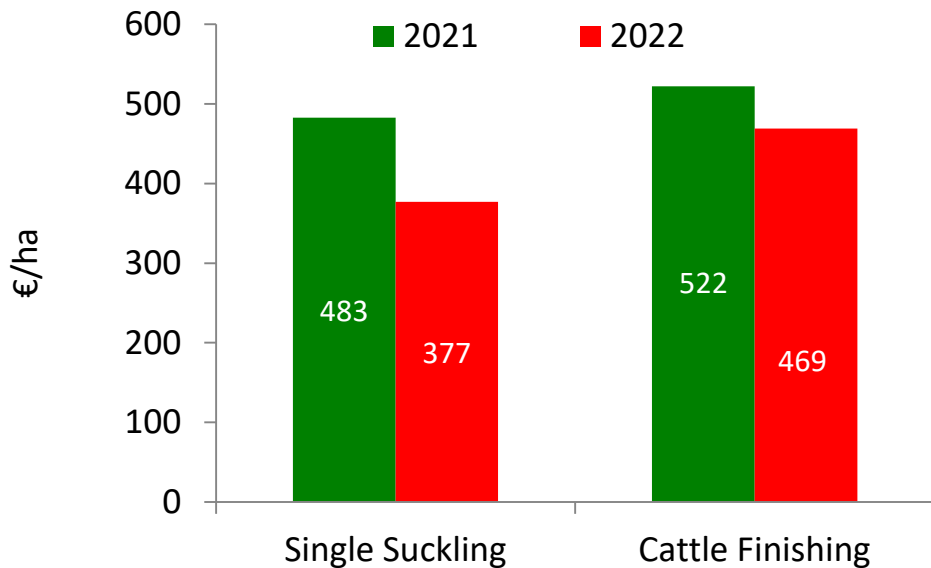
12% increase in total input costs



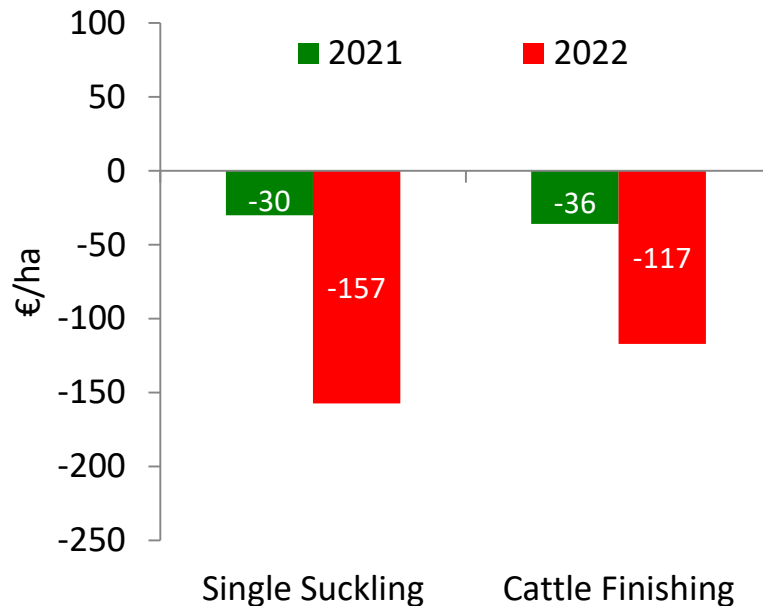
Average cattle enterprise earns negative net margin in 2022

High Input Prices Reduce Margins in 2022

Gross Margin per hectare forecast
Single Suckling and Cattle Finishing



Net Margin per hectare forecast
Single Suckling and Cattle Finishing



Source: Authors' estimate for 2021 and forecast for 2022

Conclusion

2021

- COVID-19
- No Change in Cattle Farm income
- Cattle prices increase sharply
- Higher Input prices offset rising output prices
- Sterling strengthens
- Consumer prices increase globally

2022

- COVID-19
- Fertiliser Prices
- EU production declines
- UK production unchanged
- Consumer Demand in Key Export Destinations
- EU Export Share

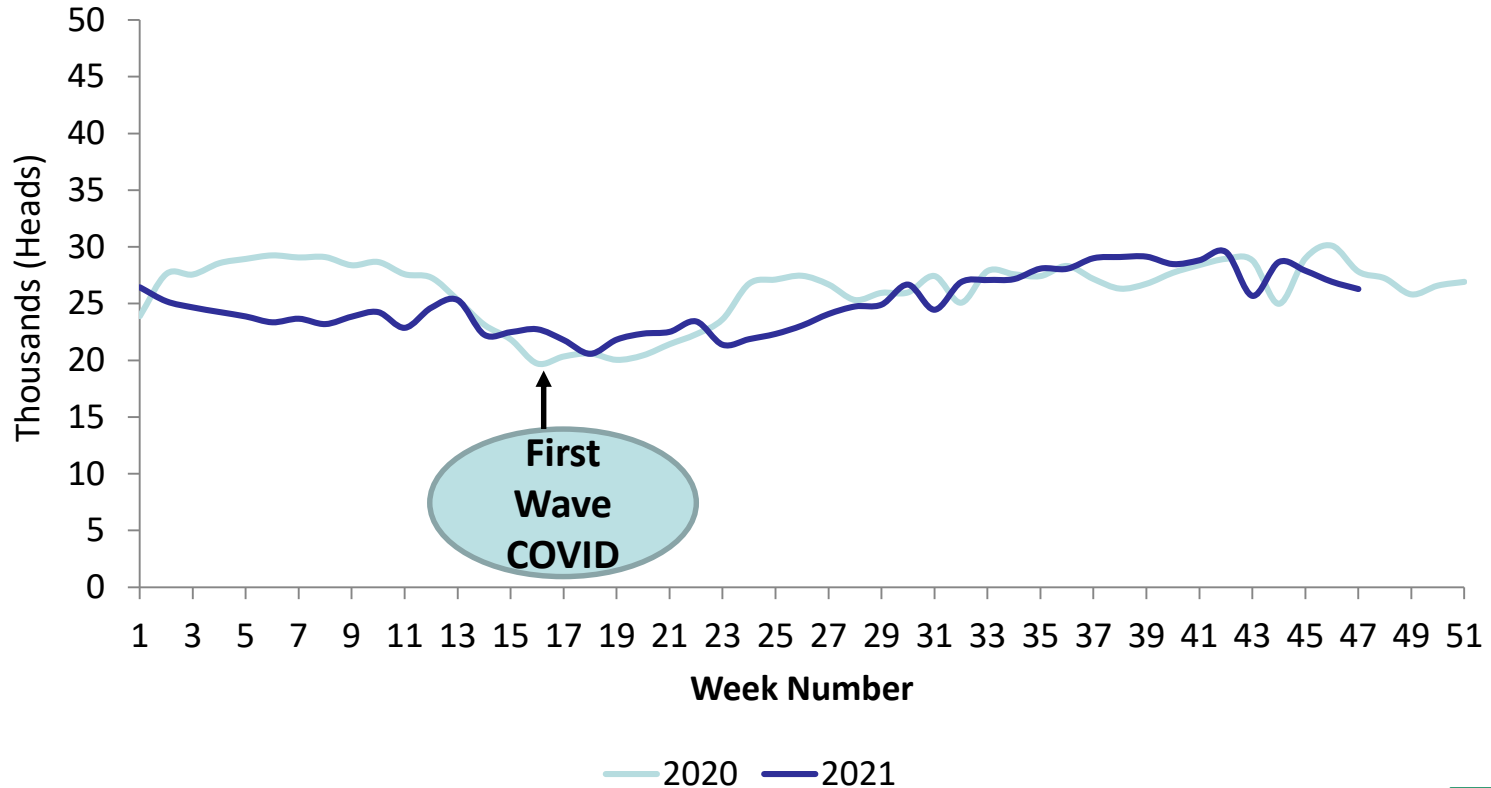
Thank You





AGRICULTURE AND FOOD DEVELOPMENT AUTHORITY

Prime Cattle Production Less Volatile but Down 4% in 2021



Source: Author's calculations using DAFM Weekly Meat Market Reports