

DECEMBER 3RD 2024



@FionaThorne6

OUTLOOK 2025

AGRI INPUTS & CEREALS



Overview

- **2024 Inputs and Crops**
 - Where we are now in terms of the farm gate
 - Input costs, yields, price, gross and net margin

- **2025 Inputs and Crops**
 - Where we are going in terms of the farm gate
 - Input costs, yields, price, gross and net margin



NOVEMBER 28TH 2023

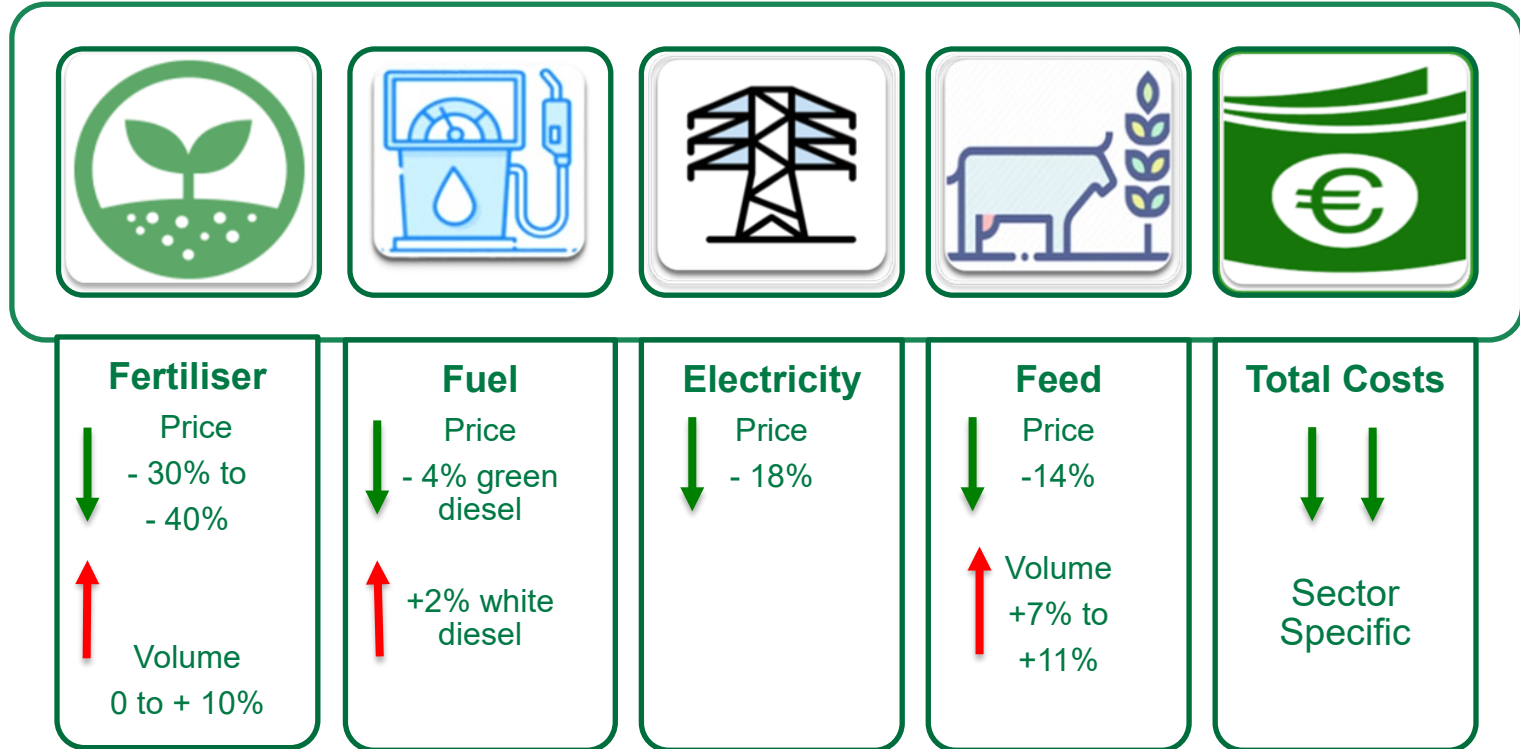
OUTLOOK FOR 2025

Situation and Outlook for Irish Agriculture

AGRI INPUTS

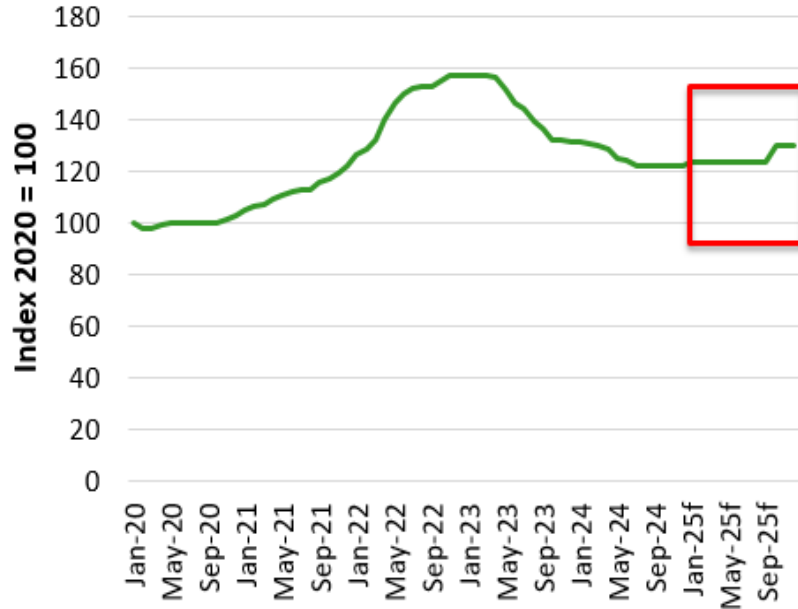


Inputs 2024 (Price > Volume Change)



2025f Input Story: In general little price change

Feed: No change in feed prices



Feed price is a tale of two halves

- Decrease in H1 2025 compared to same period of 2024
 - 'Hangover' from 2024 supply and use
- Expect feed prices to increase slightly as 2024/2505 marketing year comes to a close, due to Black Sea exports
- Slight increase in H2 2025 compared to same period of 2024
 - Still much production uncertainties
- **No change for the year as a whole**
 - Remember it is an annual average price

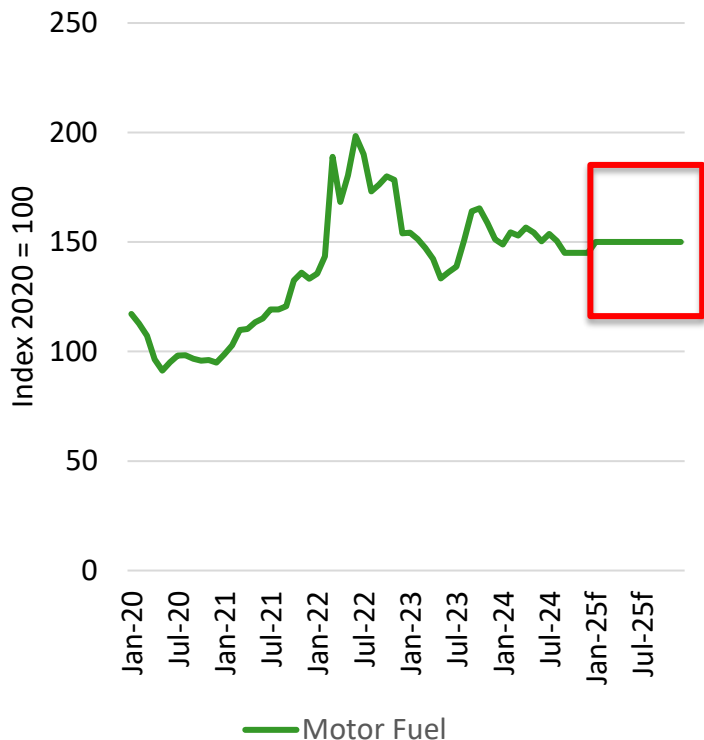
Feed volume: Sector specific

- Lower due to animal numbers and weather

Source: CSO and Author's estimates

2025f Input Story: In general little price change

Fuel: No change in fuel price in 2025 for the full year

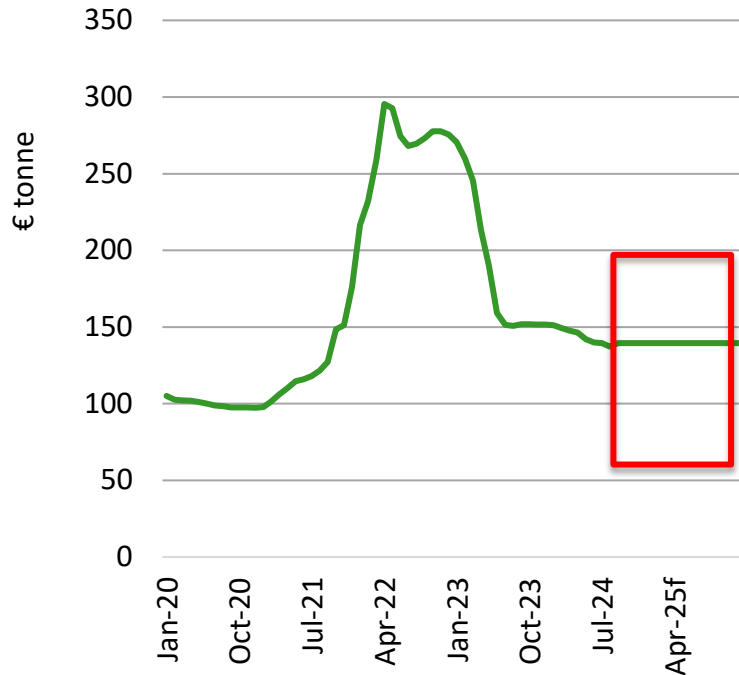


- **Fuel: no change in price in 2025 for the year as a whole**
 - Slightly lower in USD in 2025 (down 6%)
 - Partially offset by a weaker Euro
 - In Euro terms (down 4%)
 - But an escalation of geo political tensions could deliver a different outcome
- **Account for price transmission at the farm level**
 - Small price decreases likely balanced by increases in carbon tax.

Source: CSO and author's estimates

2025 Input Story: In general prices decreasing

Fertiliser: Little downward pressure in fertiliser prices forecast for 2025



▪ Prices for N have declined during the course 2024

- Reflecting fuel price changes
- Remember fertiliser purchasing patterns

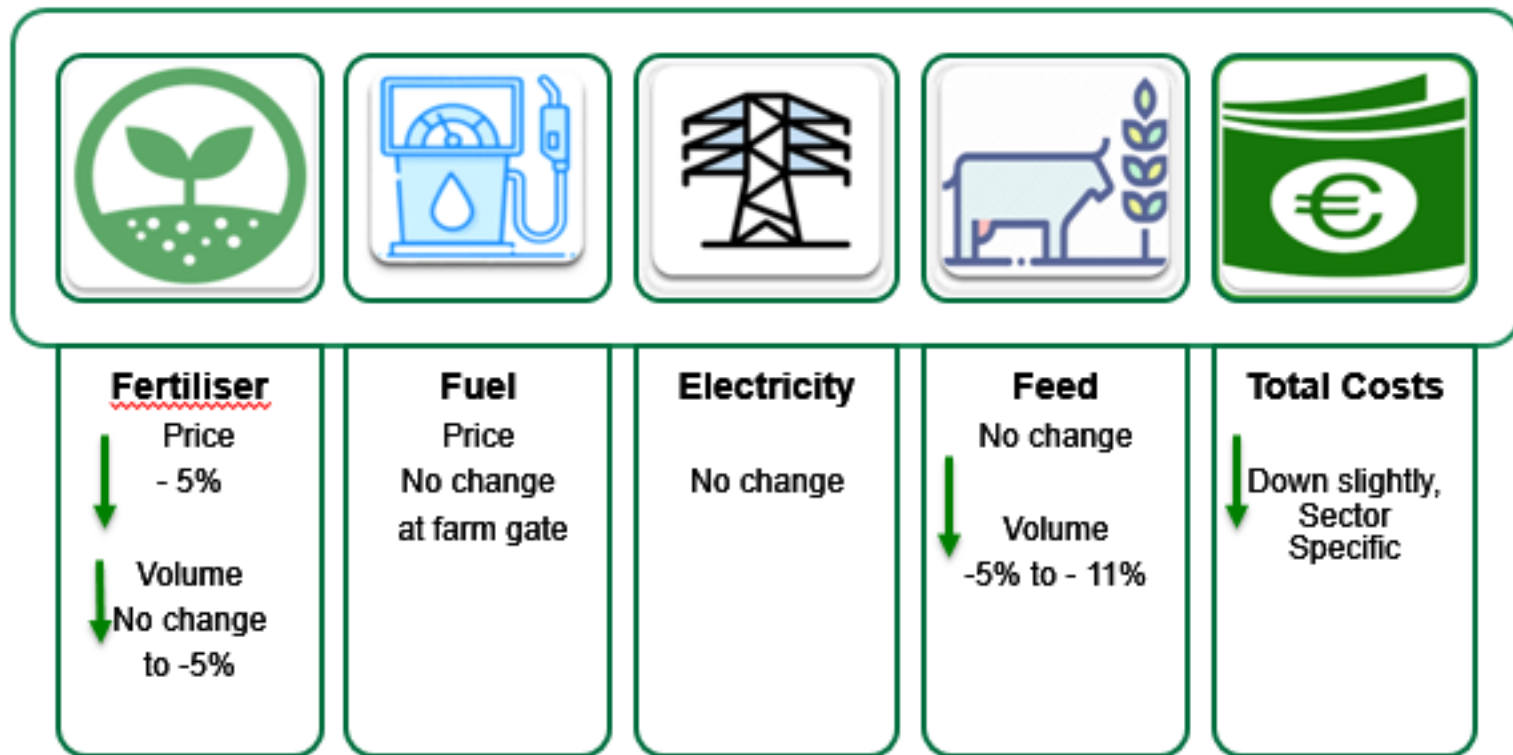
▪ Nitrogen based products for grassland

- Urea prices down 5% in 2025 v. 2024
- Six month average versus annual average

▪ Nitrogen and compounds on tillage land

- Timing of purchase is important
- P and K, less volatile than N
- Overall, also likely -5% in 2025

Inputs 2025 (Relatively little price change)



From Inputs Summary to....Crops

- **Inputs summary**

- For 2025 no significant price changes overall
 - Remember – annual average versus seasonality
 - Remember **volume** changes
- Some slight downward pressure on fertiliser price
 - Some upward movement in **fertiliser volume**
- Stability in other input prices
 - Fuel, seed, electricity and feed
- Feed volume down
 - **Grassland systems**
- Still slight upward pressure on some prices
 - Crop protection and ‘other costs’

- **Begin with margin story for crops**

- Given the importance of feed for other sectors



DECEMBER 3RD 2024

OUTLOOK 2025

Situation and Outlook for Irish Agriculture

CEREALS



2024 – Some Recovery in Income for Cereals



In general, mixed results in crop yield per hectare



Approx. 15% decrease in direct costs



Cereal area decrease, especially winter crops



25% increase in gross margins



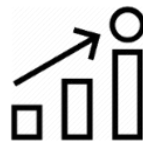
1% decrease cereal production



Approx. €200 per ha increase in cereal net margins



Over 3% increase in cereal prices

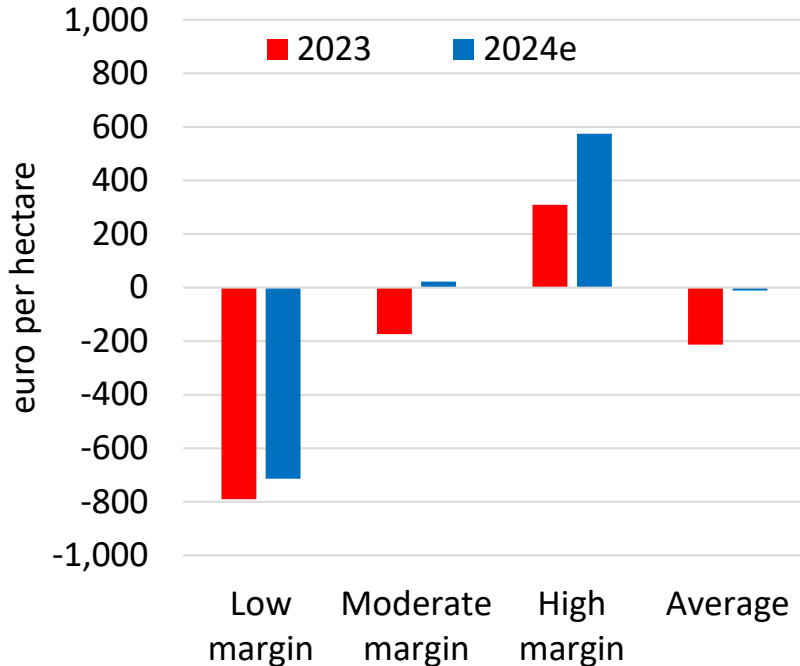


56% of cereal farmers earn positive net margin



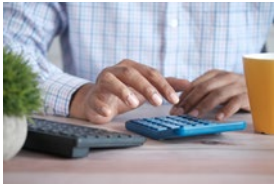
2024 – Some Recovery in Net Margin

€200 per hectare increase in net margin in 2024

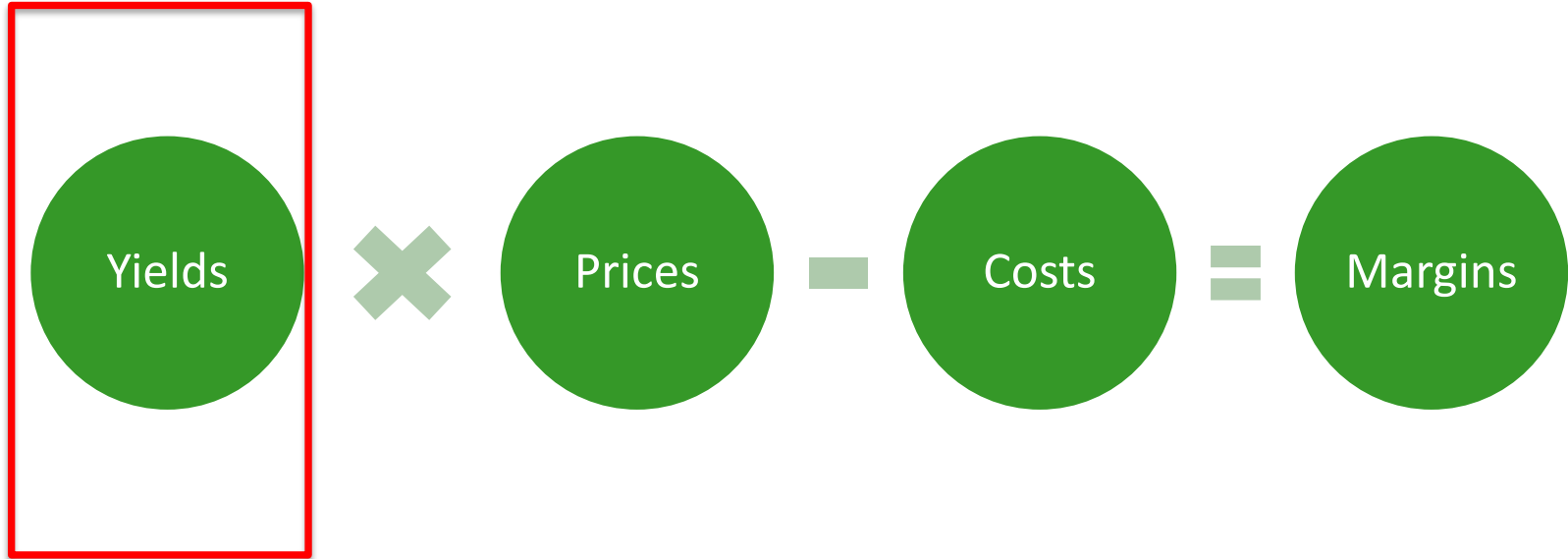
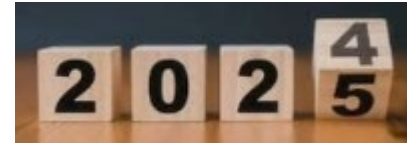


- **Average cereal based enterprise on specialist tillage farms**
 - Net margin
 - SIM and TIS taken into account
 - **56% earn a positive net margin in 2024**
 - High margin farms = €575 per ha.
 - Low margin farms = Minus €715 per ha.
 - Average = Minus €10 per ha.





2025 – The Calculations





2025 Production To Increase Slightly

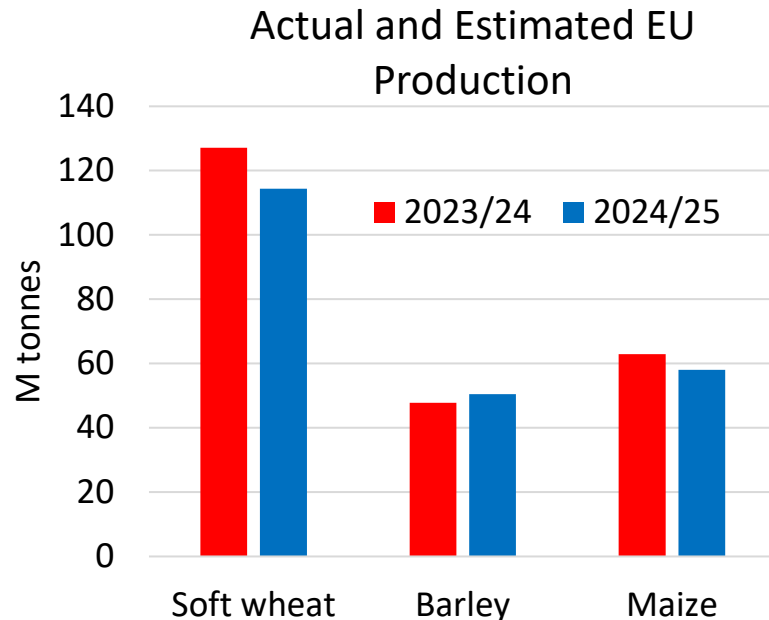
Slight increase in EU production potential in 2025 forecast

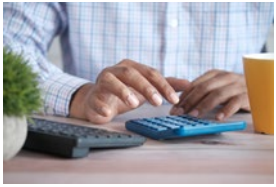
Decrease in EU production in 2024

- Decrease in aggregate EU, wheat, barley and maize
- Also increase in feed demand
- Decrease stock/use ratios internationally
- Uncertainty regarding Black Sea region stocks
- Slight increase in feed wheat and barley prices (2024)

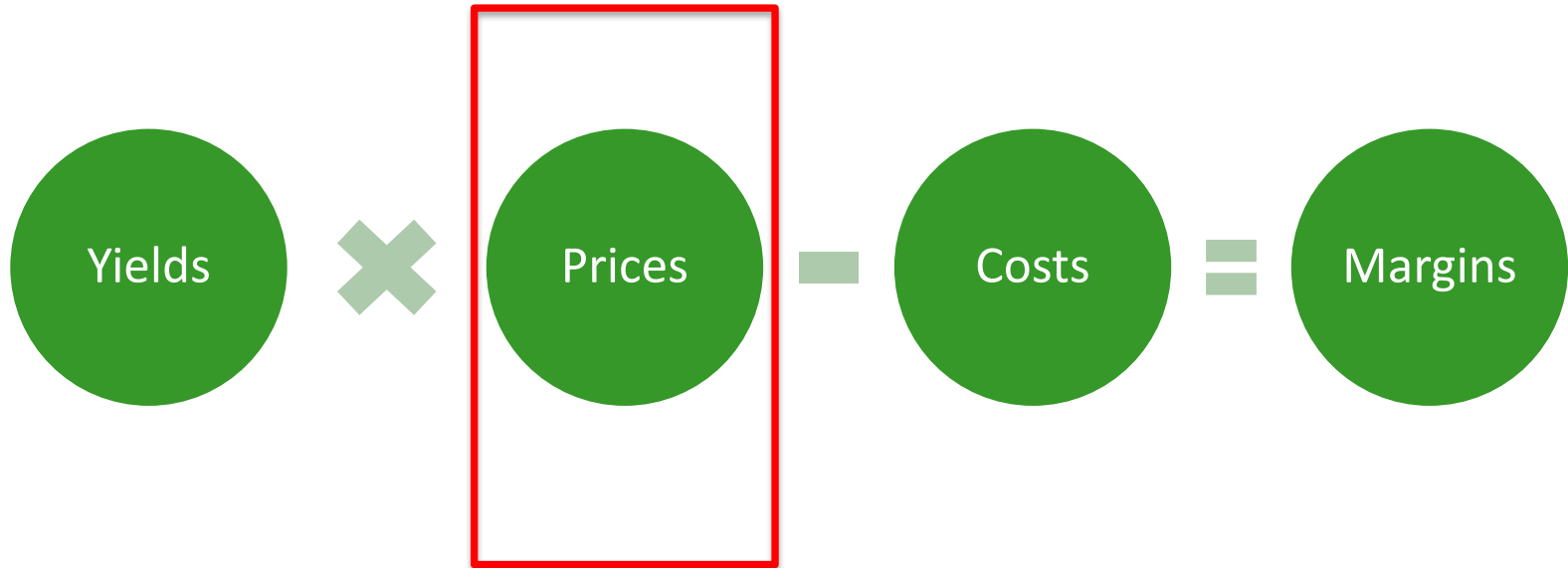
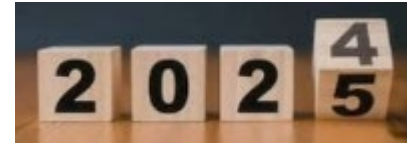
Will 2024 global harvest be replicated in 2025?

- Return to trend yields in 2025
- Increase in EU winter cereal area
- Much speculation about potentially low 2024/25 ending stock/use ratios

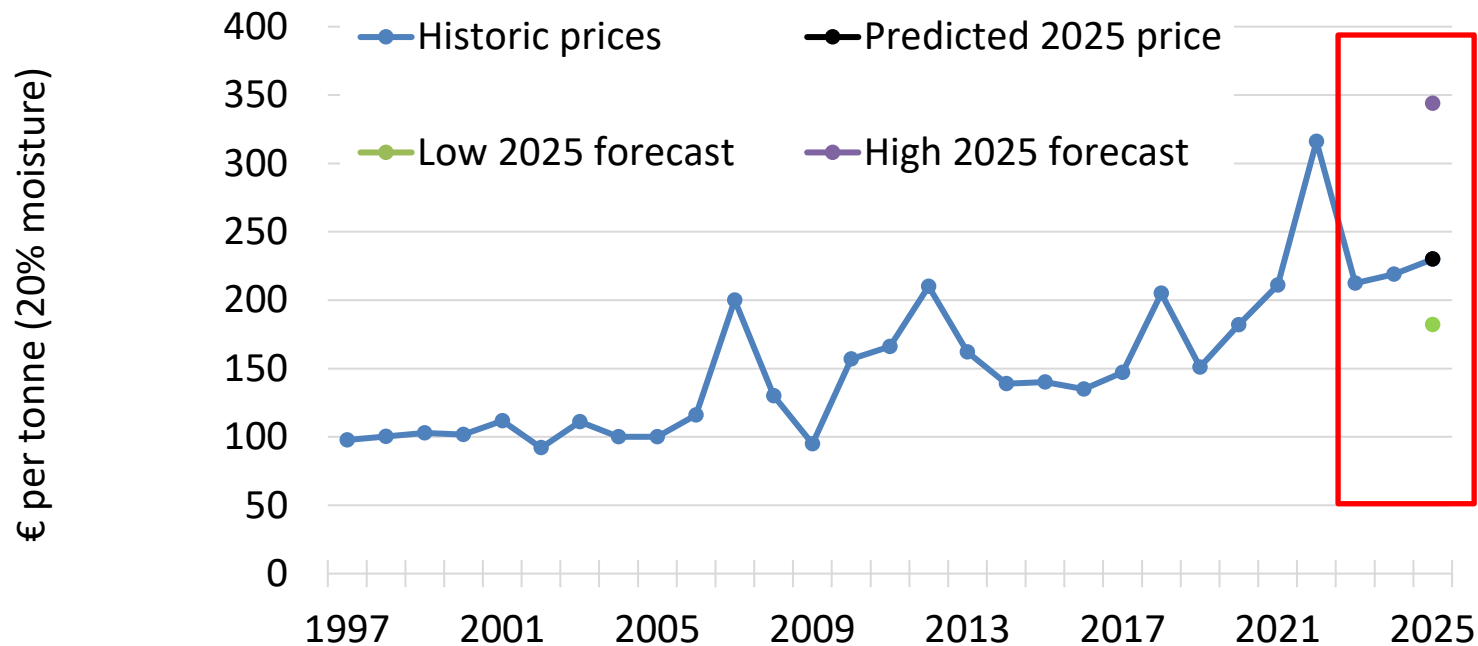




2025 – The Calculations

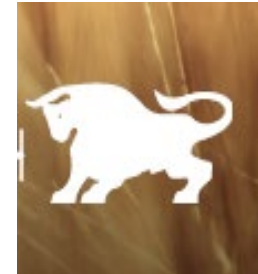
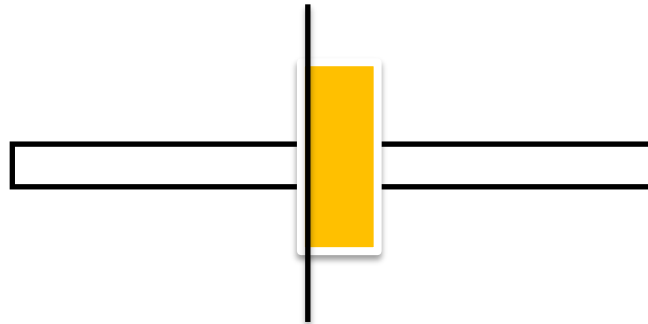


2025 Futures Wheat Harvest Price to Increase (by 5%)



Source: Authors' own estimates and forecasts

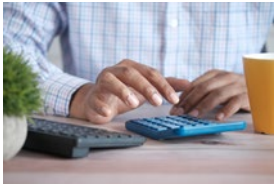
2025 Futures Harvest Price to Increase



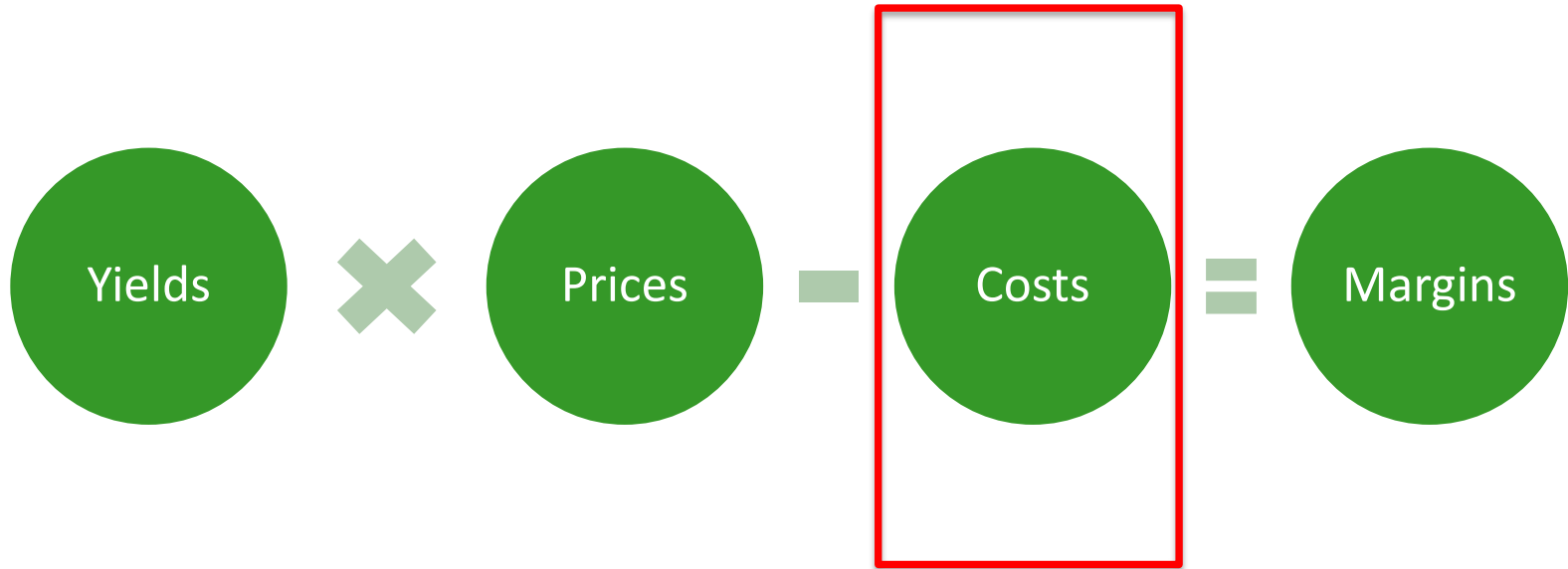
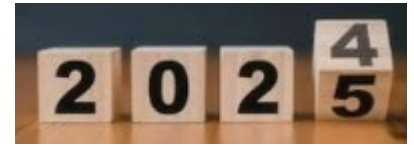
*Trend yield for EU
wheat & barley
Overall EU winter area
planted*

Positive 5%

*International stocks/use ratio
Black sea region stocks
Minimum price policies
Geopolitical tensions/tariffs*

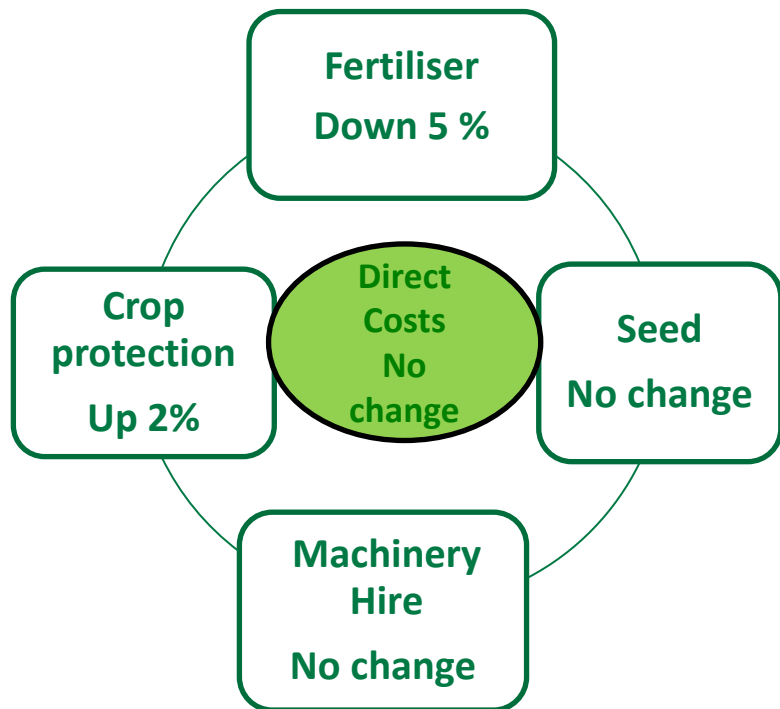


2025 – The Calculations

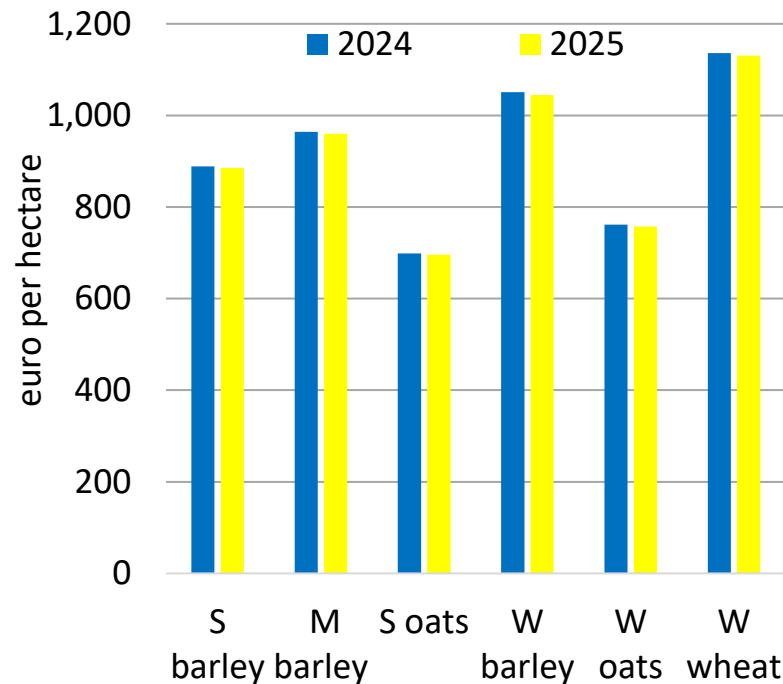


Overall stability in direct costs in 2025

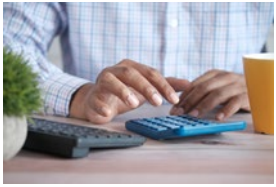
2025 direct costs per hectare



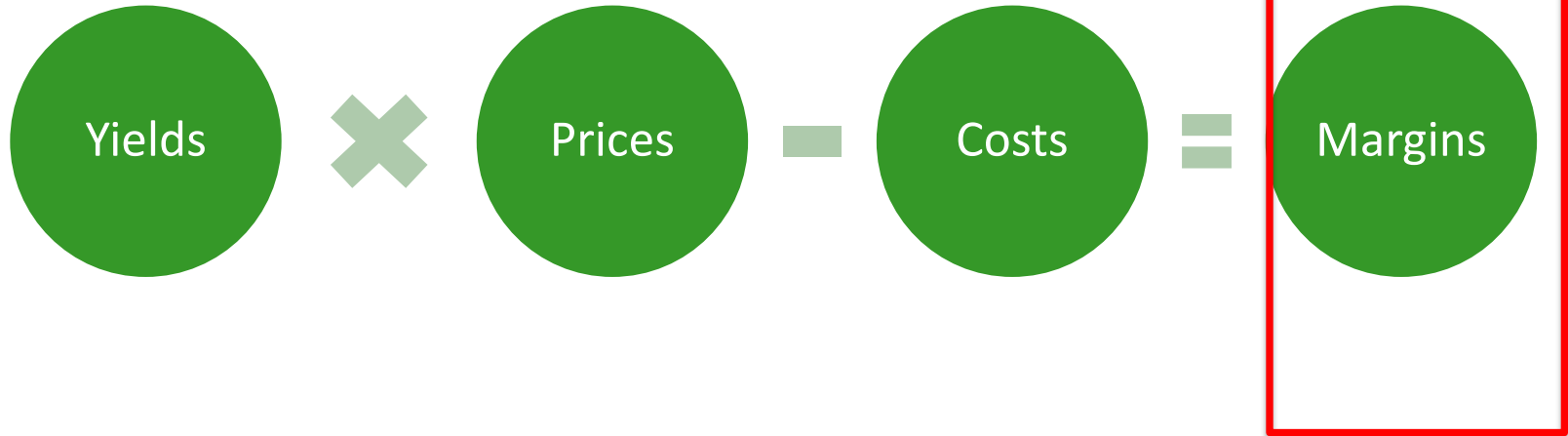
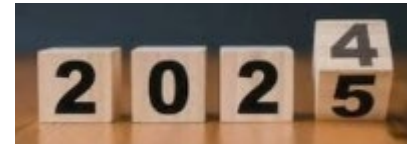
2025 direct costs per hectare



Source: Authors' estimate for 2024 and forecast for 2025

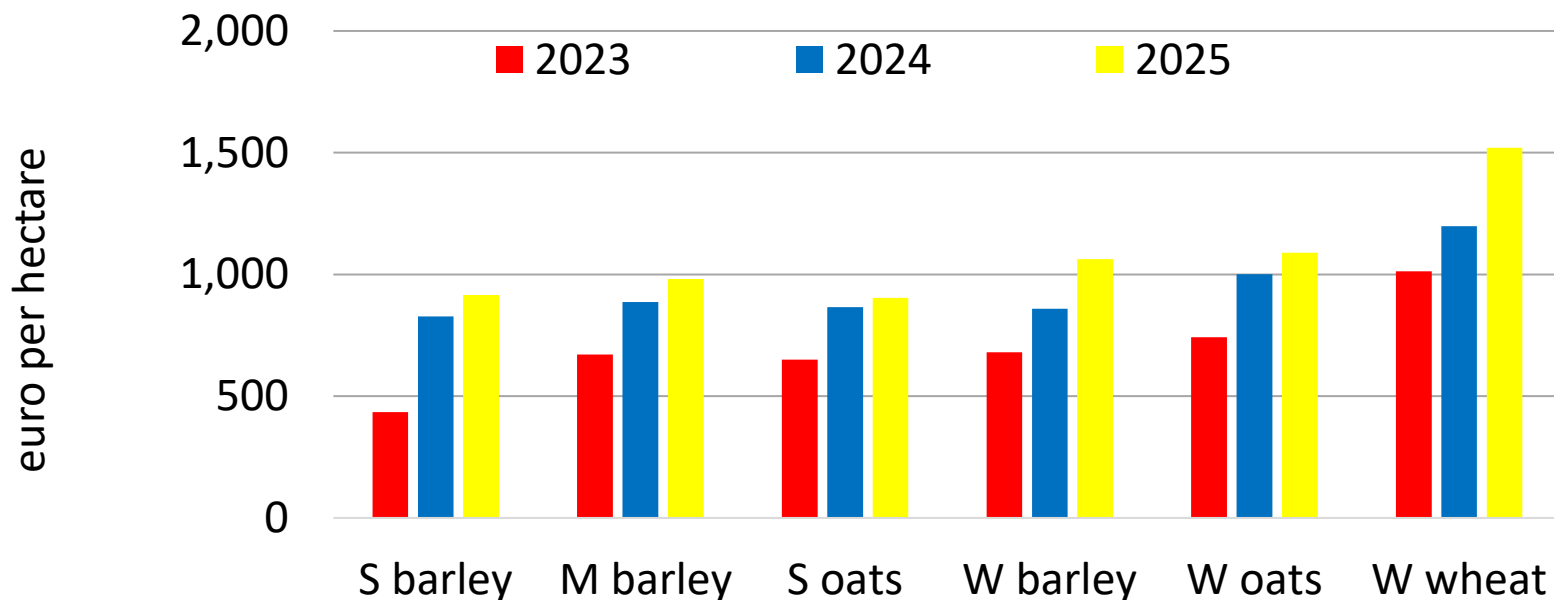


2025 – The Calculations



Increase in 2025 Gross Margins

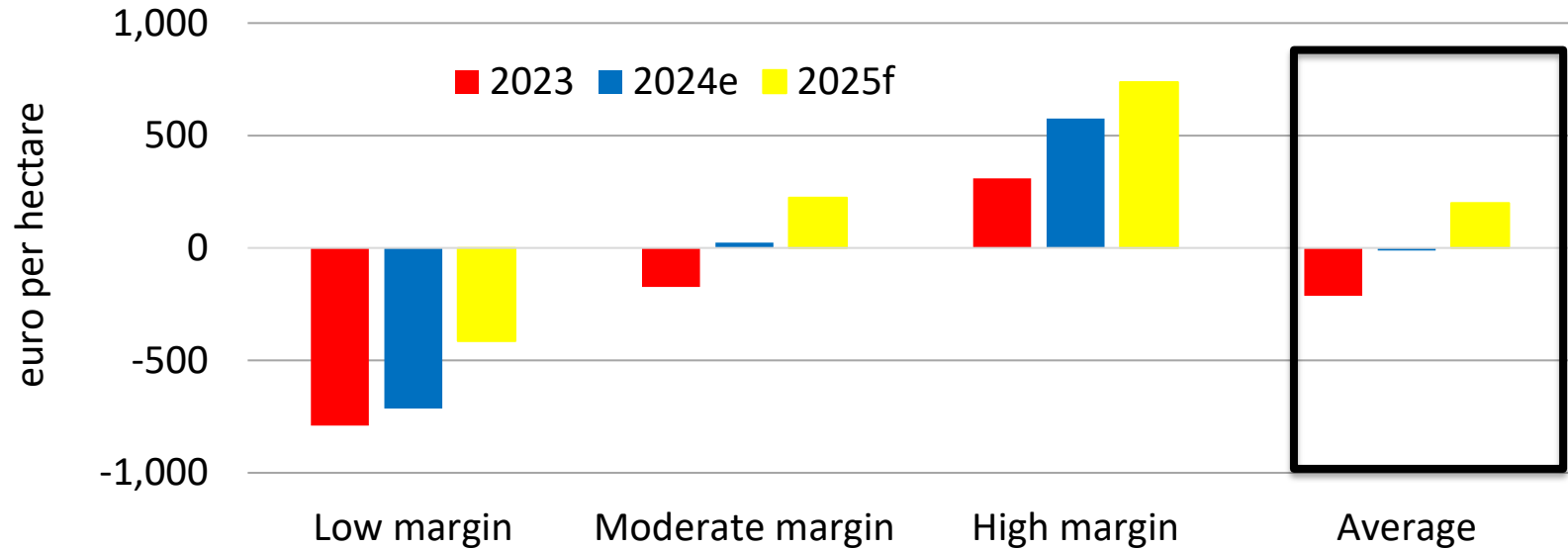
Gross margin per hectare to increase by €85 for spring barley and €320 for winter wheat and €200 for winter barley



Source: Authors' estimate for 2024 and forecast for 2025

Increase in 2025 Net Margins

Net margin per hectare forecast to increase by approx. €180 per hectare



Source: Authors' estimate for 2024 and forecast for 2025

Summary of 2025 Crops Forecast

- **Forecast 2025**
 - Prices
 - Probability that price will increase slightly at harvest 2025 by approx. 5%
 - Much uncertainties about 2025 price at present
 - Reversion to trend yields – increase in Irish yields
 - Direct costs to remain fairly stable in 2025
 - Overall increase in gross and net margins in 2025
 - Average net margin for cereal enterprise €200 in 2025
 - Average cereal based net margin will be negative on approx. 30% of specialist tillage farms

DECEMBER 3RD 2024

THANK YOU



Scan the QR Code
with your phone's
camera to access
the full report

DECEMBER 3RD 2024



@FionaThorne6

OUTLOOK 2025

AGRI INPUTS & CEREALS

