



SITUATION AND OUTLOOK For Irish Agriculture July 2024

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Acknowledgement

The provision of the National Farm Survey data is a vital stepping-stone in producing a forecast of margin and income developments on Irish farms.

The authors wish to express their thanks to all who contribute to the National Farm Survey, particularly the farmers who participate voluntarily and the Central Statistics Office who select the sample and provide the population weights.

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INTRODUCTION

In November 2023, Teagasc published its annual Situation and Outlook for 2024. Since then there have been changes in market and production conditions, which will have implications for the outcome in 2024. This mid-year assessment, published in July 2024, takes on board developments in the first half of 2024 in order to provide a revised assessment of the likely outcome for the year as a whole.

Russia's illegal invasion of Ukraine continues to have significant economic consequences, particularly in Europe, given the importance of Russia as an energy provider and Ukraine's substantial agricultural export capacity.

High agricultural commodity and farm input prices were a feature of 2022. Some farm input prices dropped in 2023, but other production costs remained at elevated levels. Milk and cereal prices dropped sharply in 2023.

In 2024, milk prices have begun to recover. Cattle prices are similar to 2023, while sheep prices have improved further on their already high levels. However, weather conditions have been unfavourable, leading to poor grass growth and difficult crop planting conditions.

Fertiliser prices continue to decline in 2024, albeit from a high level, and while electricity prices are lower, fuel prices have changed little. Feed prices also remain high.

This outlook assesses the situation for 2024 as a whole based on data available at the end of July 2024. In some cases, official data is only available for Q1 of 2024 and it is necessary to approximate what has happened in Q2. Therefore, some assumptions have had to be made about the volume of input use and price developments that have already occurred for Q2 of 2024.

In this publication, the likely outcome for 2024 is summarised. For each commodity sector, an assessment of production, consumption, output price, input market price developments and income is made with each given either a positive, neutral or a negative ranking in terms of situation and outlook.

This exercise is carried out in respect of the current situation, representing the first half of 2024, and the outlook representing the second half of 2024. The categorisation is performed with respect to the farmer's perspective on the impact of market price, supply and demand developments on farm profitability.

Examples of **positive** developments would include:

- A rise in output prices
- A fall in input prices
- A decrease in international supply
- An increase in international demand
- Favourable weather conditions
- A weaker domestic exchange rate



Conversely, examples of **negative** developments would include:

- A fall in output prices
- A rise in input prices
- An increase in international supply
- A decrease in international demand
- Poor weather conditions
- A stronger domestic exchange rate



Where either the situation or the outlook suggests no change relative to the corresponding period in the previous year, this is categorised as **neutral**.



Finally, where it is too early to make an informed judgement, or where there is insufficient data, such instances are represented by a question mark.



Inflation

While inflation in Ireland fell in 2023 and continued to fall in 2024, it remains a bit higher than the European Central Bank's target level.

Cumulative Irish inflation over the last 2 years has been quite substantial, at 15 %. Inflation erodes the value of money. A euro today cannot buy the same volume of goods or services, as it would have 12 months ago.

All monetary amounts mentioned in this text are in nominal terms and therefore this does not take account of the impact of inflation on the purchasing power of incomes.

Where nominal incomes increase by less than the rate of inflation, those incomes have fallen in real terms.

GLOBAL ECONOMY



MACRO ECONOMY and EXCHANGE RATES

The rate of inflation has continued to decline in major economies but tends to remain above desired levels. While prices in the service sector continue to rise, the decline in energy prices and the stabilisation in food prices have helped to reduce overall inflation. Interest rate increases, which central banks use as a tool to control inflation, have begun to be reversed. However, further interest rate reductions will depend on how inflation develops against a background of geopolitical uncertainties.

In 2024, the euro has moved over a relatively narrow range against the US dollar and traded at close to US\$1.08 in H1 of 2024. The euro has weakened slightly against sterling over the first half of 2024, averaging about £0.86.

The Economic and Social Research Institute (ESRI) has produced its latest growth forecast for the Irish economy for 2024 and 2025. GDP growth of 2.5% is forecast in 2024, with growth of 3.2% forecast for 2025. Modified domestic demand (MDD) is a more representative measure of the growth rate in the Irish economy than GDP. The ESRI's forecast for MDD is an increase of 2.2% in 2024 and 2.9% in 2025.

The ESRI forecasts a further slowdown in Irish inflation from the 6.3% recorded in 2023, to 2.3% in 2024 and 1.9% in 2025.

The unemployment rate in Ireland in 2023 was 4.3%. The ESRI forecasts that the unemployment rate will decline further to 4.1% in 2024 and 4.0% in 2025. The tight labour market remains a driver for wage inflation.

Overall, Ireland's economic prospects remain favourable, but geopolitical risks are a concern.

Figure 1: euro/dollar exchange rate 2012-2024



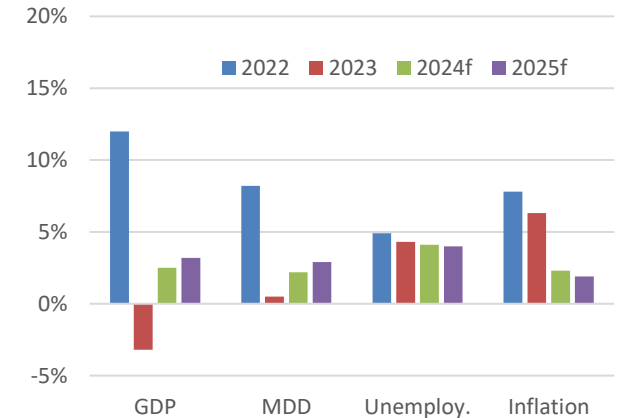
Source: European Central Bank

Figure 2: euro/sterling exchange rate 2012-2024



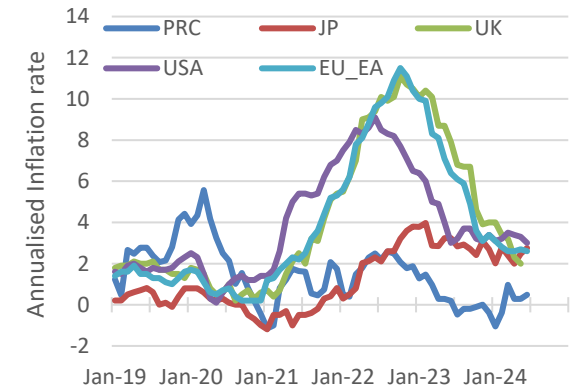
Source: European Central Bank

Figure 3: Key economic indicators Ireland 2022-2025f



Source: Economic and Social Research Institute, summer 2024

Figure 4: Inflation rate in major economies 2019-2024



Source: IMF and Eurostat

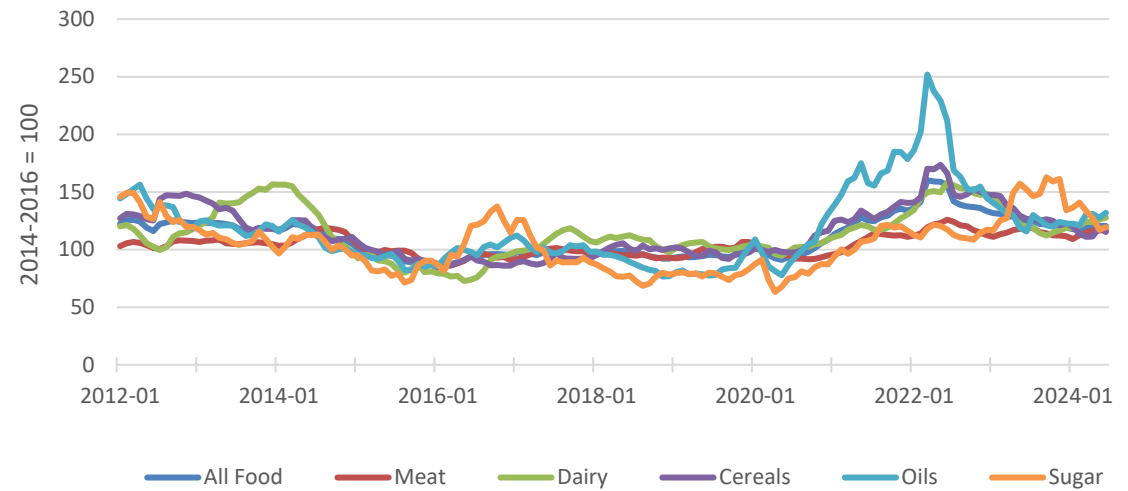
Agri Commodity and Food Prices

In 2024, price developments have varied by commodity, with rising prices for dairy and oils, relatively stable prices for meats and lower prices for cereals and sugar. Russia’s illegal invasion of Ukraine has contributed to the high prices of recent years.

The latest Food and Agriculture Organisation (FAO) Monthly Food Price Index shows that the overall food price index has stabilised in 2024. While food prices are well below the peak in 2022, they remain well above the 2020 level. At the global level, this continues to have negative consequences for food affordability, with the number of people suffering from malnutrition on the increase.

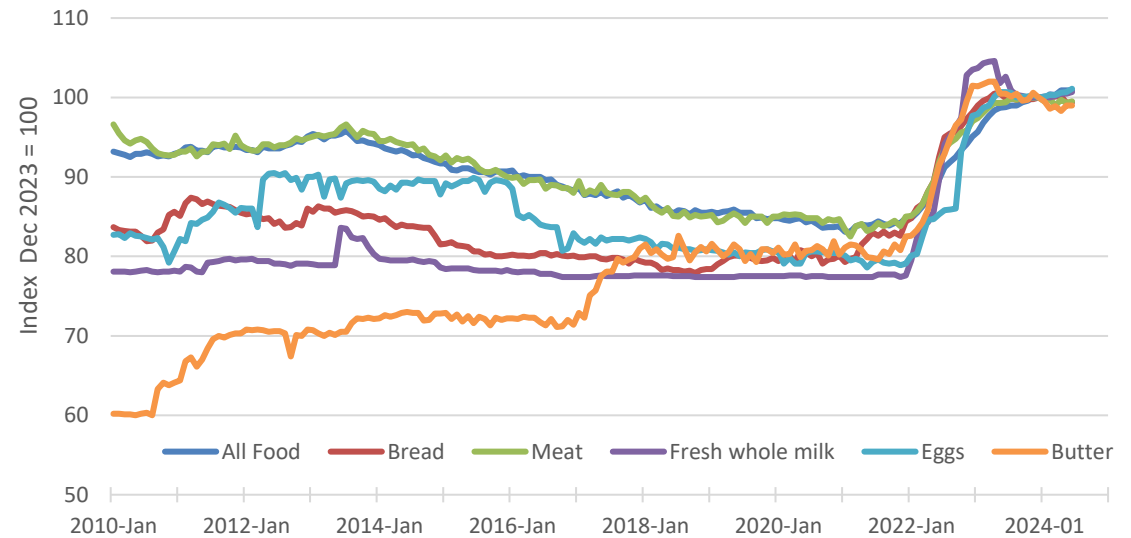
Following over a decade of general food price stability in Ireland from 2010 to 2021, retail food prices increased sharply in 2022 and this growth continued into 2023 in response to the rise in agricultural commodity prices and increases in energy, transport, labour and other costs associated with farm production, food processing, distribution and retailing. Retail prices stabilised at a high level in Q2 of 2023. Retail prices have remained in line with that level in 2024, even though some commodity prices have fallen.

Figure 5: FAO Monthly Food Price Index and Associated Indices January 2012 to 2024 (June)



Source: UN Food and Agriculture Organisation

Figure 6: Selected Monthly Irish Retail Food Price Indices 2010 – 2024 (June)



Source: Central Statistics Office

WEATHER CONDITIONS



WEATHER CONDITIONS

While the first half of 2023 was particularly dry, conditions changed from late summer 2023 onwards. Heavy rainfall was the main feature of weather conditions in Ireland over the 9-month period from July 2023 to March 2024. Rainfall levels in this period were anything from 30% to 60% above normal across Ireland.

While rainfall levels throughout Ireland in January of 2024 were below normal, this was followed by an exceptionally wet period in February and March in all areas, leading to serious production challenges on farms. In effect, a year's worth of rainfall fell over the 9-month period from July 2023 through to March 2024.

By comparison, rainfall levels in April were closer to normal in many regions, apart from the southeast. A series of localised heavy thunderstorms in May further upset the farming calendar in some areas. In turn, June was much drier than normal across the country.

While data for the full month of July was not yet available when this report was being produced, rainfall levels and temperatures were generally below normal.

The wet winter and spring of 2023/24 provided extremely unfavourable conditions for field preparation and the sowing of crops. It also led to an extended winter housing period for ruminant animals and a late start to the 2024 grazing season.

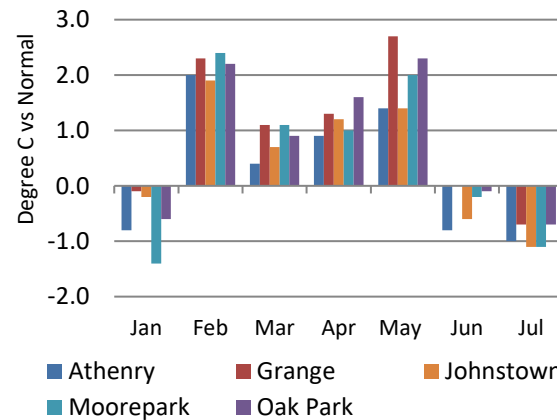
January 2024 was colder than normal, but across Ireland, temperatures were well above normal through much of the first half of the year. However, June and July were an exception, with temperatures generally below normal for the time of year.

Weather conditions in the first half of 2024 have meant that grass growth has tended to lag behind the same period in 2023. Aside from slow grass growth, heavy

soil conditions led to late turnout dates to pasture for cattle. In some locations affected by localised thunderstorms, ground conditions meant that cattle were back indoors at night in May. The lack of rainfall and lower than normal temperatures have contributed to a drop in grass-production in the peak of the grazing season. Weather conditions in the current season were not favourable for cereal crop establishment and growth, with winter wheat and spring barley crops particular impacted.

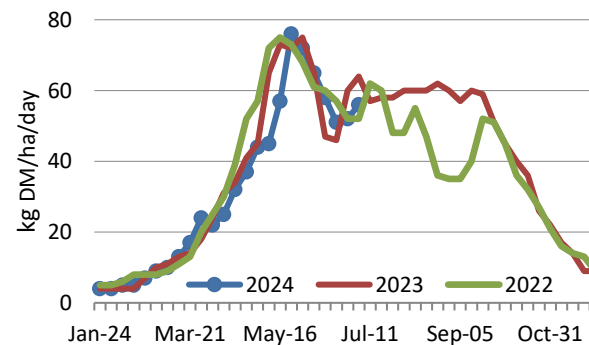
Note: Normal weather is defined as the 30-year average from 1981 to 2010.

Figure 7: Jan. to Jul. 2024 mean temperature relative to normal (1981-2010)



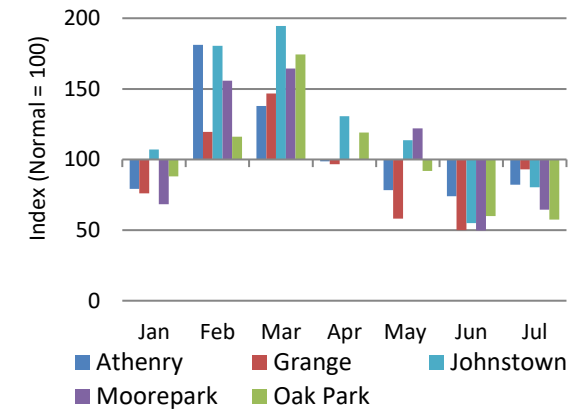
Source: Adapted from Met Eireann data

Figure 8: Irish Grass growth 2022, 2023 and 2024



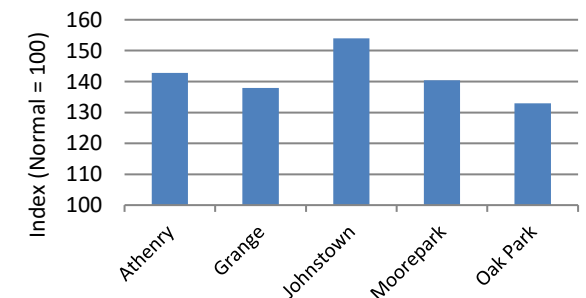
Source: Teagasc Pasture Base Ireland

Figure 9: Jan. to Jul. 2024 rainfall relative to normal (1981-2010)



Source: Adapted from Met Eireann data

Figure 10: Rainfall July 2023 to March 2024 relative to normal (1981-2010)



Source: Adapted from Met Eireann data

FARM INPUTS



FEED MARKET

As of July 2024, official data on feed sales in the current year are available from the Department of Agriculture Food and the Marine (DAFM) for Q1 only. These data show that beef feed sales were up 1% in Q1 2024, while dairy feed sales were up 3% in volume terms, relative to the same period in 2023. The small change in bovine feed use on Q1 2024 is perhaps a little surprising given the late start to the grazing season and anecdotal reports of silage being in short supply on some farms.

The volume of sheep feed use in Q1 of 2024 was down 3% on the same period in 2023, reflecting lower ewe numbers.

Pig feed sales were up by just under 2% in Q1 of 2024 compared to the same period in 2023, reflecting the gradual recovery in the Irish pig population that has occurred. Poultry feed sales in Q1 of 2024 were up less than 1% on the same period in 2023.

While feed sales data for Q2 2024 has yet to be published, anecdotally bovine feed volumes have been above normal due to poor grass growth, with silage also being used to compensate for poor grass availability.

Feed prices in 2024 have continued to fall gradually and they are over 15% lower than in the same period in 2023. Irish feed prices are now at their lowest level in over two years, but feed prices can still be considered high, as they remain about 25% above their 2020 level.

Looking ahead to the rest of 2024, global cereal market developments, as reflected in the 'on account' harvest prices reported at harvest 2024, indicate a further decrease in Irish cereal prices relative to 2023. A 5 to 10% decrease in Irish farm-gate cereal prices for the 2024 harvest is forecast.

A forecast increase in world production of wheat, barley and maize in 2024/25 appears to be weighing heavily on international cereal markets at present, resulting in depressed cereal prices in the pre/early harvest period. However, more investigation of the market fundamentals of the world cereals balance sheet, particularly higher demand for barley and maize, is expected to result in lower stocks/use ratio for the main cereal crops at the end of the marketing year.

According to the latest report from Strategie Grains (July 2024), based on current world market fundamentals, European wheat and barley prices have the potential to increase, as the marketing year progresses, based on ending/stocks to use ratios.

As the feed market moves into the Q4 of 2024, the fundamentals in the market are indicating an increase in international feed prices.

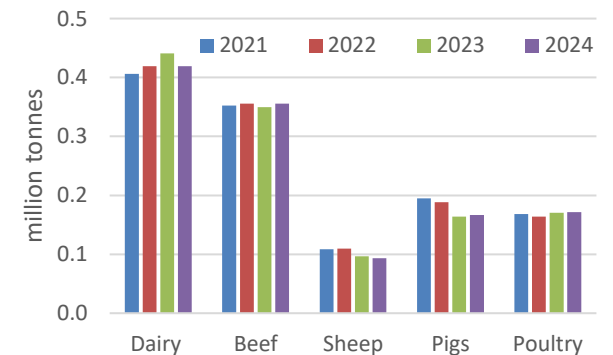
Averaging across the full year, it is likely that Irish farm gate feed prices in 2024 will be approximately 12% lower than in 2023.

Figure 11: Index of monthly Irish feed prices 2014-2024 (May)



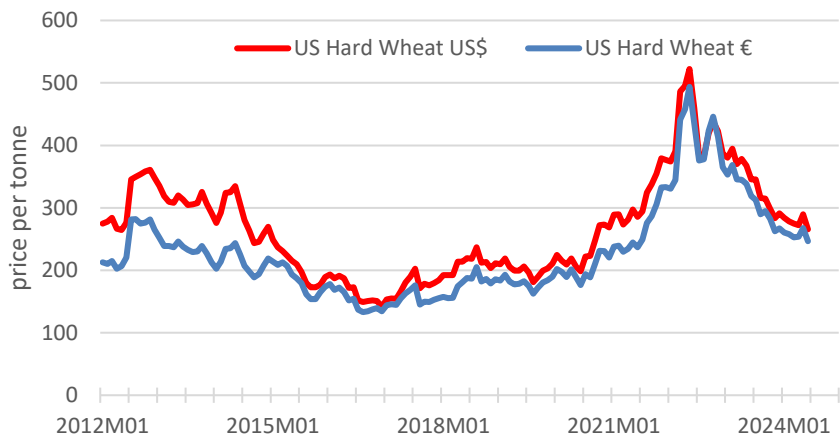
Source: Adapted from Central Statistics Office data

Figure 12: Compound Feed use in Ireland for first 3 months of 2021 - 2024 by the main species



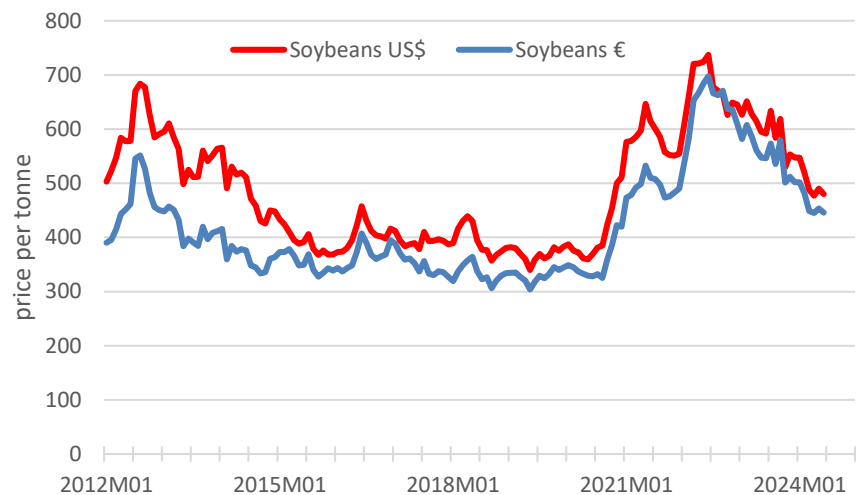
Source: DAFM

Figure 13: Monthly US hard wheat price 2012-2024 (June)



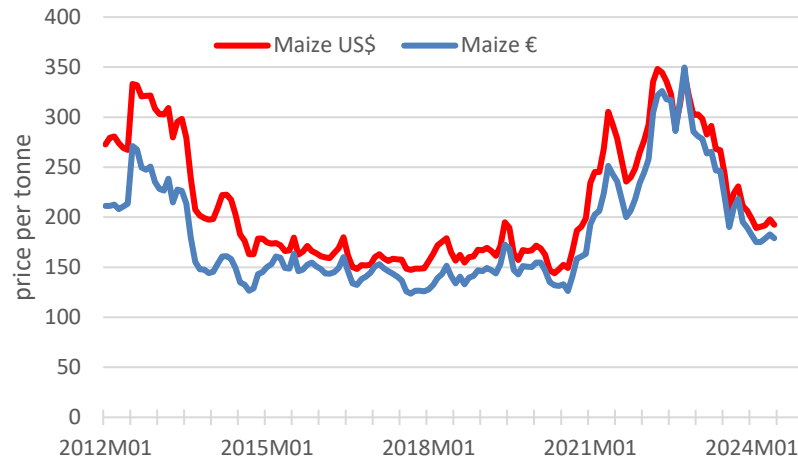
Source: World Bank
 Note: US No1 Hard Red Winter Wheat Gulf Export Price

Figure 14: Monthly international soybean price 2012-2024 (June)



Source: World Bank
 Note: US Gulf Yellow Soybean #2 c.i.f. Rotterdam

Figure 15: Monthly US maize price 2012-2024 (June)



Source: World Bank
 Note: No 2 Yellow f.o.b. US Gulf Ports

FERTILISER MARKET

Fertiliser prices are influenced by the supply and demand balance in the fertiliser market, but are also reflective of production costs, which are heavily related to energy prices. High fertiliser prices resulted from Russia’s illegal invasion of Ukraine and the decline in natural gas availability in Europe and resulting increase in natural gas prices and fertiliser production costs. With the decline in European gas prices in 2023 and into 2024, international fertiliser prices have fallen significantly. However, fertiliser prices remain about 50% above their 2020 level.

The available official data on fertiliser sales in Ireland covers the first six months of the fertiliser year (Oct 2023 to Mar 2024). For this six month period there has been a further volume decrease in nitrogen, phosphorus and potassium sales relative to the same period in the previous fertiliser year (2022/23).

Various reasons might explain the further reduction in sales volume. The most obvious is fertiliser prices, which although much lower than in 2022 and 2023, are still high relative to the historical norms. A period of low profitability in the fertiliser intensive dairy and tillage systems could also be a factor, as could the growing awareness amongst farmers of the need to reduce fertiliser usage for environmental reasons.

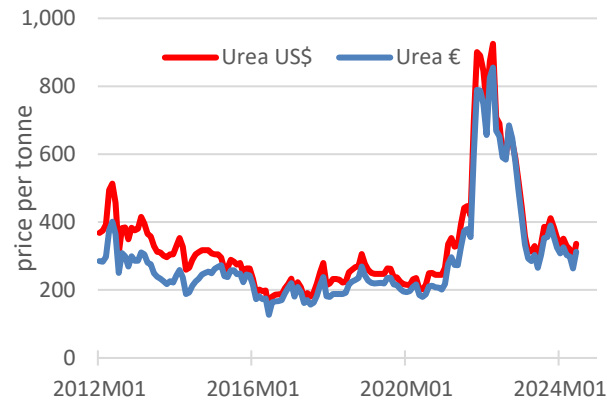
Accurate data on fertiliser sales in Ireland for the full fertiliser year (ending in September 2024) will not be available until late 2024. However, anecdotal evidence suggests that grassland farmers in Ireland might yet increase their level of fertiliser use in the 2023/24 season.

While a gradual reduction in fertiliser usage through better use of clover and multispecies swards is a public policy objective, a significant reduction in usage has been observed in a relatively short period. This may create concern about the implications for grass production, with

a notable decline in grass production observed in Ireland in 2024.

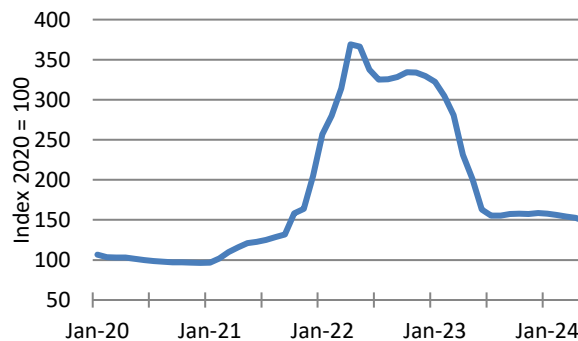
In response to concerns about fodder availability for the winter period, an increase in fertiliser use this year could occur. Combining a 5% increase in the level of fertiliser sales, with a 23% fall in prices in 2024 (which has already occurred in H1), the expenditure on fertiliser in Ireland will still decline appreciably in 2024.

Figure 16: Monthly international urea Price 2012-2024



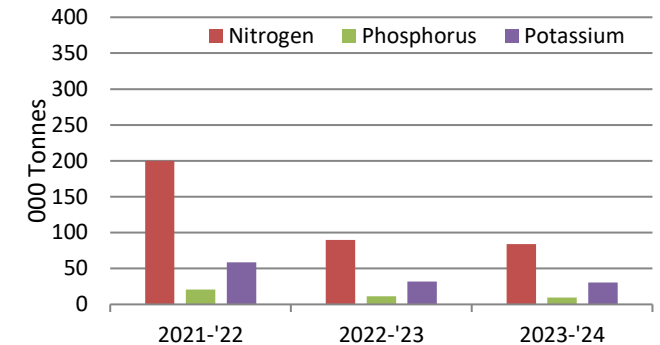
Source: World Bank
Note: Ukraine Black Sea f.o.b.

Figure 17: Index of monthly Irish fertiliser prices 2020-2024



Source: Central Statistics Office

Figure 18: Irish fertiliser sales in the first 6 months of fertiliser year (Oct to Mar) 2022, 2023 and 2024



Source: DAFM

ENERGY MARKETS

As in other sectors of the economy, energy expenditure is a production cost in agriculture, particularly for more intensive farm systems, such as pigs and poultry. However, it is also a notable cost in dairy production and tillage systems, and to a lesser extent in drystock production.

The escalation in energy prices in 2022 and 2023 was a key driver of the high rate of general inflation that emerged around the world. Energy prices in agriculture have since declined somewhat in the high levels that emerged in 2022 and 2023.

In 2024, wholesale natural gas prices on the European market have fallen back to levels that are closer to normal. With plentiful supplies of natural gas in storage and better availability of imported LNG, it is expected that European natural gas prices will remain stable over the rest of 2024, but more expensive than prices prior to the invasion of Ukraine.

In 2024, crude oil prices, along with prices for other fossil fuels, are well below 2022 levels, but remain volatile due to the geopolitical situation in the Middle East and the risk to supplies coming through the Straits of Hormuz. While OPEC+ has cut supplies, this has been offset by higher US production, helping to keep Brent prices in the US\$ 80 to US \$90 range in 2024.

The relatively small fluctuation in the value of the euro against the US dollar over the last 12 months has had only a limited to the volatility in oil prices in euro terms.

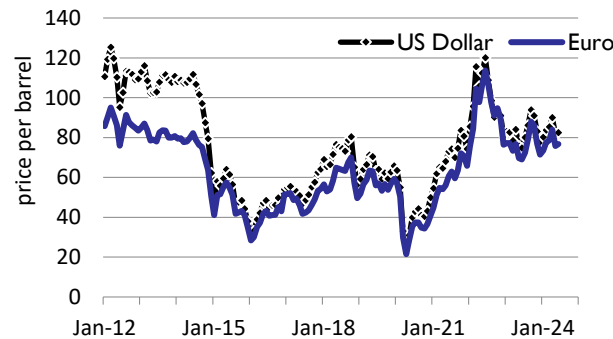
The volatility in international energy prices has affected motor fuel and electricity prices. Motor fuel prices quickly responded to the fall in crude oil prices in 2023. However, the decline in consumer electricity prices has been slow and has lagged well behind the decline in energy feedstock prices. As a result, the decline in electricity prices has been much more gradual and has continued in 2024.

Farm diesel is not subject to the same level of taxation as
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regular (full duty) petrol or diesel. However, this means that the transmission of crude oil price movements into farm diesel prices is stronger than in the case of regular petrol and diesel.

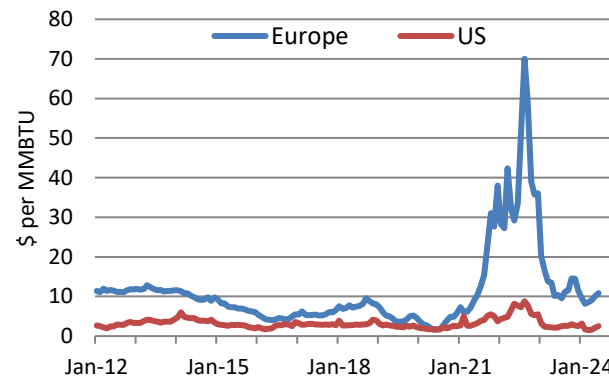
Overall, Irish agriculture will see a modest increase in expenditure on fuel in 2024 compared to 2023, but there will be significant reductions in electricity expenditure in 2024.

Figure 19: Brent oil prices monthly 2012 -2024



Source: World Bank

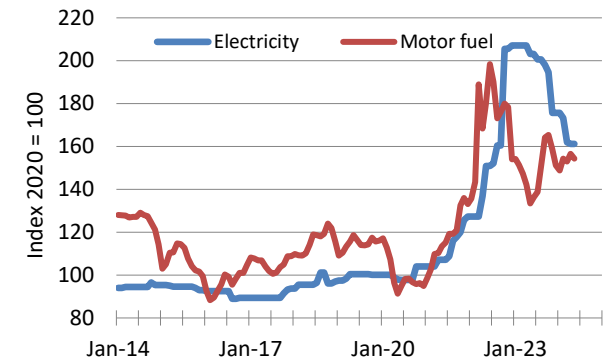
Figure 20: European & US natural gas prices 2012-2024



Source: World Bank

Note: Natural Gas (Europe) Netherlands. Natural Gas (US) Henry Hub

Figure 21: Index of Irish fuel and electricity prices 2014-2024















Source: Adapted from Central Statistics Office data

Note: Motor fuel price series relates to petrol and auto-diesel

DAIRY

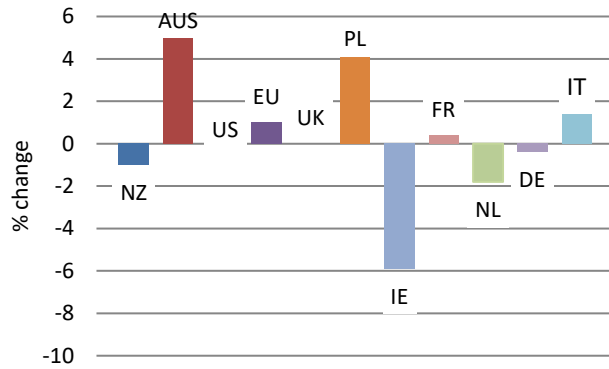


DAIRY

Global Supply		Global Demand		Milk Prices		Irish Production		Input Costs		Irish Farm Income	
Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook
 Positive	 Neutral	 Neutral	 Neutral	 Positive	 Neutral	 Negative	 Neutral	 Neutral	 Neutral	 Negative	 Positive
<ul style="list-style-type: none"> At the global level in 2024 milk production volume is relatively in line with 2023 in the major dairy export regions (EU, US, NZ). For the EU as a whole milk production is up by about 1% so far this year. Within the EU, milk production in 2024 relative to 2023 is higher in some key MS (PL, IT, FR) and lower in others (IE, NL, DE). UK milk production in 2024 is relatively unchanged on the 2023 level. Strong dairy production growth has continued in China in 2024 and this will have an adverse impact on import demand. 		<ul style="list-style-type: none"> International dairy product demand in H1 of 2024 has been strong, aided by growth in the Middle East and parts of South East Asia. However, import demand in China is running below the 2023 level At the global level, there is a risk that higher dairy prices will adversely impact on consumer demand. 		<ul style="list-style-type: none"> European butter prices have risen sharply in 2024. Cheddar prices have improved, while SMP prices have remained relatively flat. European butter prices have risen to about €6,400 per tonne at the end of H2 2024, while cheddar prices have reached €3,900. SMP prices have been in the €2,400 to €2,500 range. Dairy commodity prices are expected to remain little changed on current levels through the remainder of 2024. The average Irish milk price for 2024 is now likely to be up 7% on the average for 2023. Relative to EU competitors' milk prices, Irish milk prices have risen to a greater extent over the last 12 months. 		<ul style="list-style-type: none"> Milk production in the year to May 2024 is down almost 6% on the same period in 2023, due to unusually low deliveries in the first three months of the new season. Grass growth conditions have been unfavourable in 2024, and there are some concerns for grass availability and fodder supplies later in the year. Reflecting the poor weather conditions, feed use is likely to be up in 2024. Dairy cow numbers in 2024 are down marginally and milk yields per cow are currently down on the 2023 level. For 2024 as a whole, a decrease in Irish milk production of about 2% is likely, but this will depend on weather and grass availability. 		<ul style="list-style-type: none"> Fertiliser prices have been declining in 2024, but prices remain higher than they were in advance of the invasion of Ukraine. While official sales data is limited at this point in the year, the volume of fertiliser sold is likely to be up in 2024. Lower expenditure on fertiliser, perhaps a reduction of 20% relative to 2023, is anticipated. Feed prices in 2024 are likely to be about 12% lower than their level in 2023. Average total milk production costs per litre in 2024 are likely to be down slightly on the 36.7 cent per litre average recorded in 2023. However, production cost developments in 2024 could be farm specific, with local weather conditions and grass production being a factor. 		<ul style="list-style-type: none"> With only a slight reduction in total milk production costs likely in 2024, the extent of the increase in milk prices will be the main determinant of milk margins. In 2024, the average Irish dairy farm should see a net margin in the range of 10 to 11 cent per litre, an increase of 40% to 50% on the 2023 level. This average net margin would translate into an average FFI level of close to €70,000 in 2024, an increase of over 50% compared to 2023. 	

DAIRY

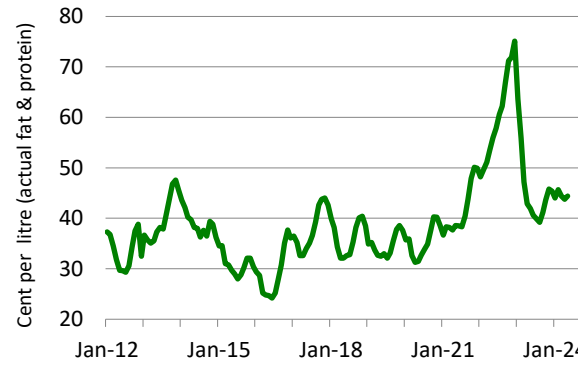
Figure 22: % Change in milk production 2024 vs 2023 (year to date)



Source: Eurostat, AHDB, USDA, Dairy Australia, DCANZ

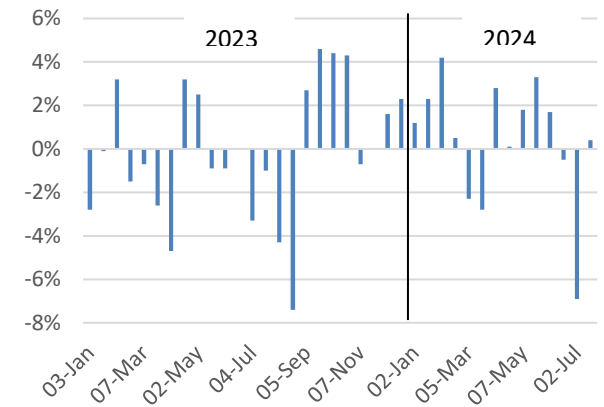
Year to April 2024 (May 2024 for IE)

Figure 24: Monthly Irish milk prices 2012 -2024 (May)



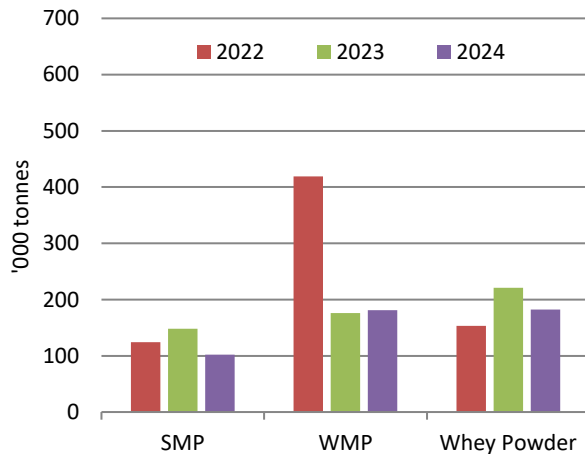
Source: Central Statistics Office

Figure 26: GDT auction index fortnightly price changes in 2023 and 2024



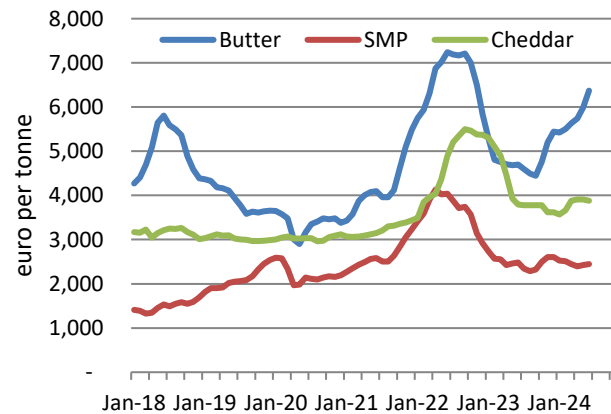
Source: GDT

Figure 23: Chinese powder imports Jan-Apr-2022 to 2024



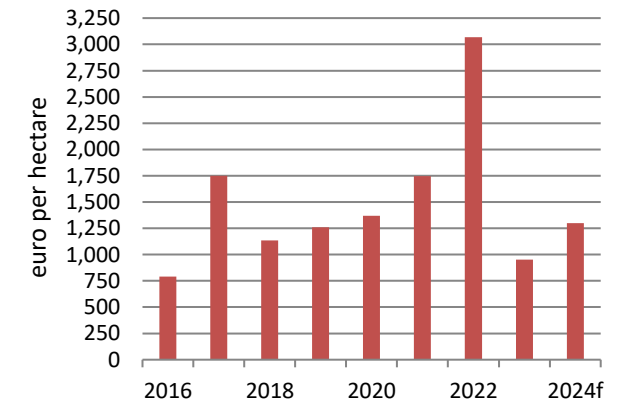
Source: IHS Markit

Figure 25: EU27 wholesale dairy product prices Jan 2018 to Jun 2024



Source: DG Agri

Figure 27: Average dairy net margin per hectare 2016 to 2023 and forecast for 2024















Source: Teagasc NFS 2016-2023 and Author Forecast for 2024

BEEF

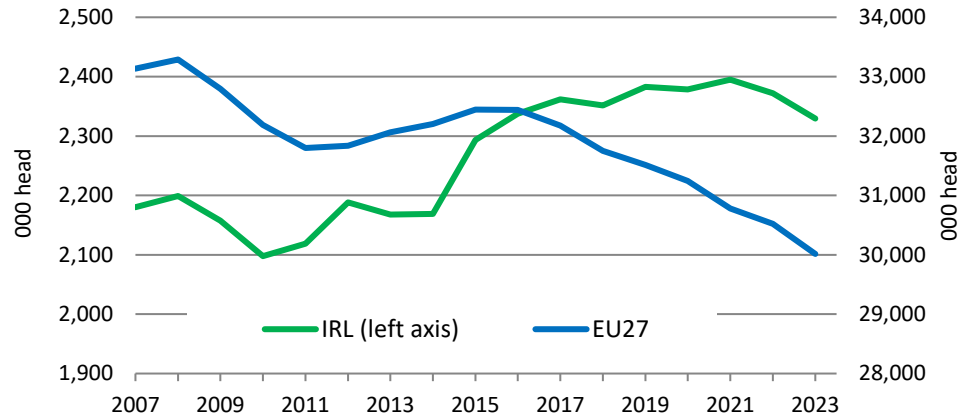


BEEF

EU+UK Supply		EU+UK Demand		Beef Prices		Irish Production		Input Costs		Farm Income	
Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook
 Negative	 Neutral	 Neutral	 Neutral	 Negative	 Positive	 Negative	 Negative	 Positive	 Positive	 Positive	 Positive
<ul style="list-style-type: none"> • EU beef supply increased by 4.4% in Q1 2024 relative to Q1 2023 but was similar to Q1 2022. • EU beef supply is expected to be unchanged for 2024 as a whole. • EU exports are expected to decrease by 5% due to more competition in high-value markets and higher EU prices. • EU imports of beef are expected to be similar in 2024. • For the year as a whole, UK beef production is expected to be 0.3% higher in 2024 relative to 2023. 	<ul style="list-style-type: none"> • Total domestic use of beef is forecast to be slightly higher in the UK in 2024 relative to 2023. • Total domestic use of beef is forecast to be slightly lower in the EU in 2024 relative to 2023. • Inflation rates have declined since 2023 and this will have a positive effect on consumer demand for meat in the European Union and the United Kingdom. 	<ul style="list-style-type: none"> • In H1 2024, Irish finished cattle prices were 1% lower than in H1 2023. • The annual average Irish finished cattle prices is forecast to be 1% higher relative to 2023. • In 2024, weanling and store prices are forecast to increase by 2% relative to 2023. • UK prices declined during Q2 2024 influenced by the increase in UK beef supply, but UK beef supply is expected to contract in Q4 2024. • The contraction of UK beef supply in Q4 2024 is forecast to continue into 2025 and therefore support live cattle prices in Ireland in the short-term. 	<ul style="list-style-type: none"> • Irish steer beef production in H1 2024 was approximately 2% lower than in H1 2023. • For 2024 as a whole, Irish steer beef production is forecast to be 3% lower compared to 2023. • Average weights of finished cattle are lower in 2024, which is a continuation of the pattern seen since 2021. • An increase in cow slaughter (mainly dairy cows) is forecast to lead to a 1.5% to 2% increase in total beef production. • Poor grass growing conditions are impacting on the timing of cattle finishing. 	<ul style="list-style-type: none"> • Concentrate feed prices and fertiliser prices continued to decline in H1 2024. • However, a prolonged winter (2023/2024) increased feed purchases. • Fodder reserves are lower than in 2023. • Direct costs on the single suckling and cattle finishing enterprises are forecast to fall 6% and 7% respectively. • Overhead costs are forecast to be 2% higher in 2024. • Total costs of production on the single suckling and cattle finishing enterprises are forecast to fall by 3% and 4% respectively. 	<ul style="list-style-type: none"> • Average gross margin on the single suckling enterprise is forecast to increase by 10% to €560 per hectare in 2024. • Average gross margin on the cattle finishing enterprise is forecast to increase by 5% to €680 per hectare in 2024. • Average net margin per hectare is forecast to reach break-even point on the Single Suckling Enterprise in 2024. • Average net margin per hectare of approximately €60 is forecast on the Cattle Finishing Enterprise in 2024. 						

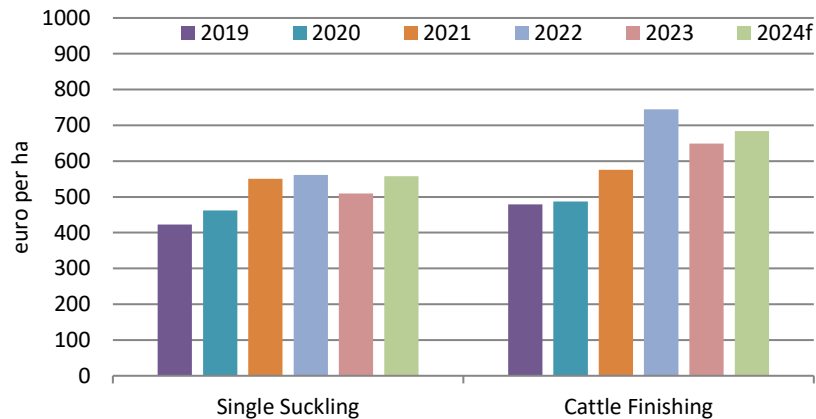
BEEF

Figure 28: Irish and EU27 cow inventories (December) 2007-2023



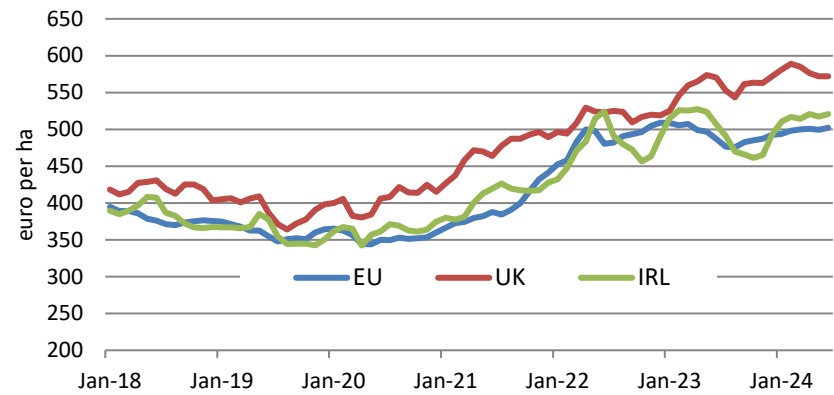
Source: Eurostat

Figure 29: Single suckling and cattle finishing gross margin per hectare 2019-2023 and forecast for 2024



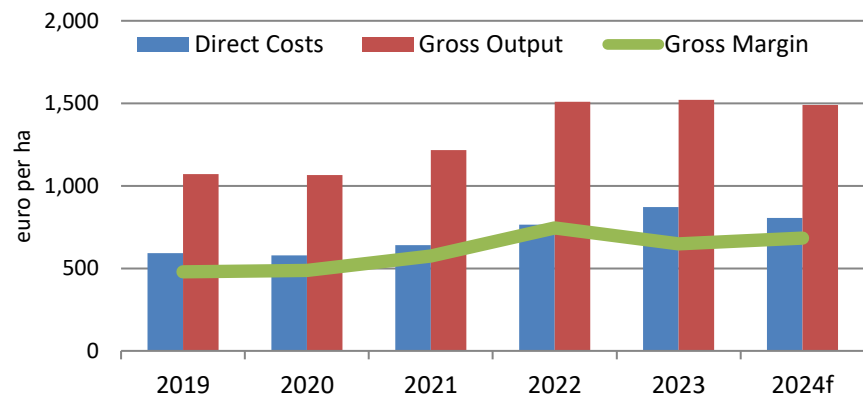
Source: Teagasc NFS 2019-2023 and Author Forecast for 2024

Figure 30: Monthly EU, UK and Irish finished cattle prices 2018 to 2024 (excl. VAT)



Source: DG Agriculture and Rural Development, AHDB and ECB. Ireland and UK Steer R3, EU27 Young Bull R3.

Figure 31: Cattle finishing gross output, direct costs and gross margin per hectare 2016-2023 and Forecast for 2024



Source: Teagasc NFS 2019-2023 and Author Forecast for 2024

SHEEP

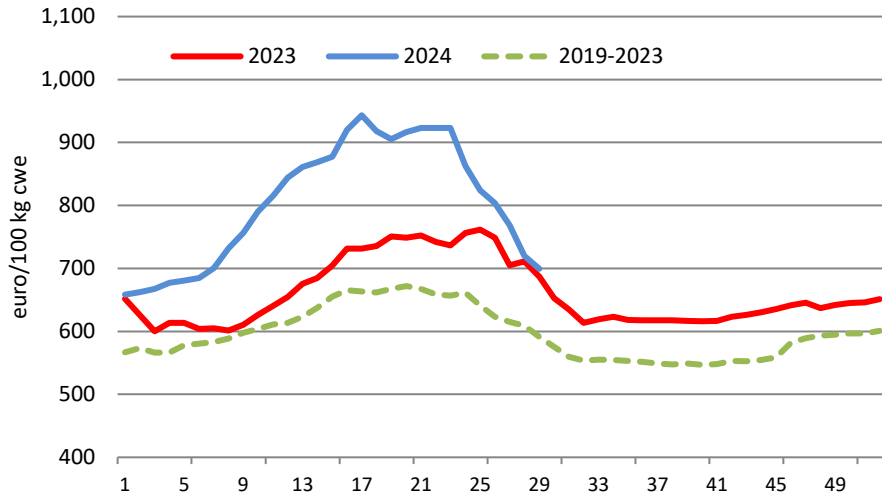


SHEEP

EU+UK Supply		EU+UK Demand		Lamb Prices		Irish Production		Input Costs		Farm Income	
Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook
 Negative	 Negative	 Neutral	 Negative	 Positive	 Positive	 Negative	 Negative	 Positive	 Positive	 Positive	 Positive
<ul style="list-style-type: none"> The historically low EU sheep flock continues to push EU slaughtering down. It is expected that EU sheep slaughter will be down 4.9%, on average, in 2024. Owing to favourable EU prices, sheep meat imports from NZ for 2024 are expected to remain slightly above 2023 levels. 		<ul style="list-style-type: none"> EU sheep meat demand has remained relatively stable. Sustained demand and high EU domestic prices keep imports high, with the expectation that EU sheep meat imports will be up circa 3% for 2024. The price attractiveness of the EU market is likely to continue to lead to increased EU sheep meat imports from the UK and NZ. Consumption of EU sheep meat continues to suffer the consequences of higher prices. The expectation is that EU per capita sheep meat consumption could fall circa 3.5 % in 2024. 		<ul style="list-style-type: none"> EU heavy lamb prices for the year to date in 2024 are 13% above the same period in 2023. These higher EU prices for heavy lamb are expected to stabilise for the remainder of 2024. Average Irish lamb prices for the year to date are 19% higher than in 2023, and remain well above the 5-year (2019-2023) average price level. Irish prices have declined in July of 2024, with annual average lamb prices forecast to remain higher in 2024 for the year as a whole. 		<ul style="list-style-type: none"> CSO slaughter data for the period January to June 2024 show a decline The number of sheep slaughtered was almost 10% lower when compared with the corresponding period in 2023, while compared on a tonnage basis, this was also down 10%. Spring lamb throughput is back, owing to poor weather conditions and a decline in the ewe flock. In Q3 2024, supplies of spring lambs are expected to increase as more mid-season lambing flocks start to present lambs for processing. 		<ul style="list-style-type: none"> Direct costs of production on Irish sheep farms are dominated by concentrate, pasture and forage costs. In 2024, concentrate feed prices have been lower than in 2023. Fertiliser prices have declined significantly relative to 2023 Costs of production on Irish sheep farms are forecast to decline in 2024, mainly due to the reduction in feed prices. Lower prices for other inputs, in particular fertiliser and electricity, will result in an overall decline in total costs of production for 2024. 		<ul style="list-style-type: none"> For 2024, margins earned from sheep production are forecast to remain above 2023 levels, on par with margins achieved in 2022 year. The decrease in average production costs will further offset positive output value changes. Average gross margin per hectare in 2024 is forecast to be circa 25% higher than in 2023 year, at just over €860 per hectare. Sheep farm incomes are forecast to increase to an average of €15,500 in 2024. 	

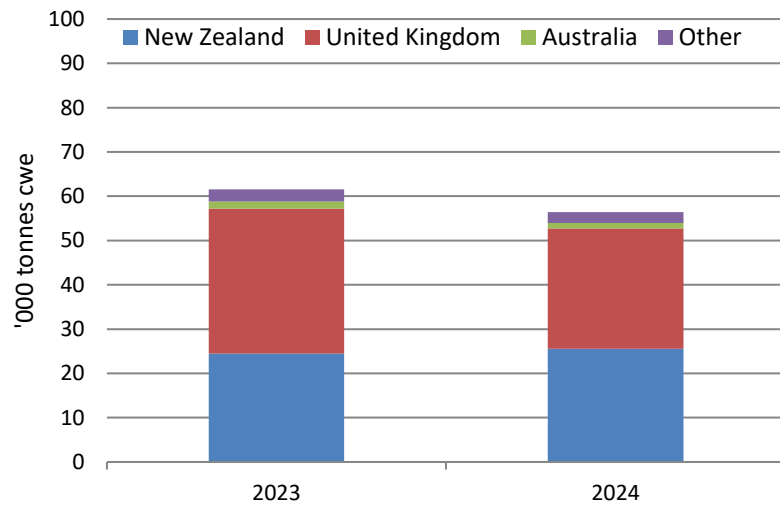
SHEEP

Figure 32: Weekly Irish lamb prices 2023, 2024 and average 2019-2023



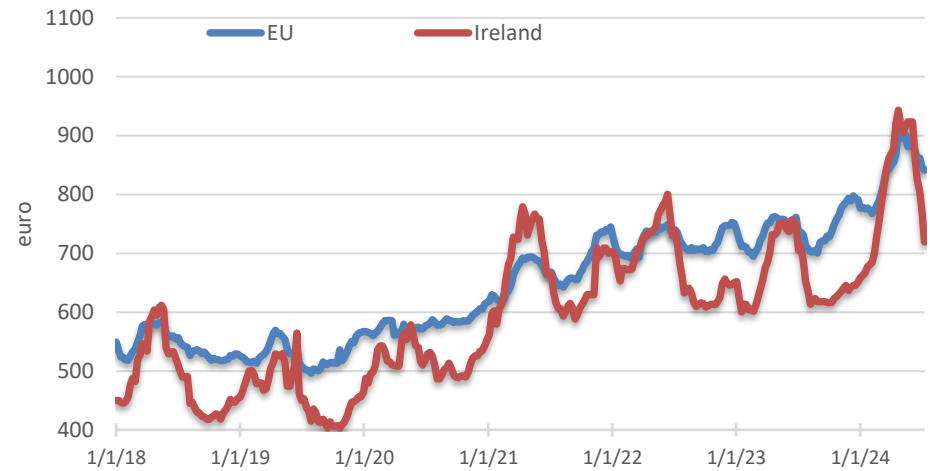
Source: DG Agriculture and Rural Development

Figure 33: EU27 sheep & goat meat imports (Jan-Apr) 2023 & 2024



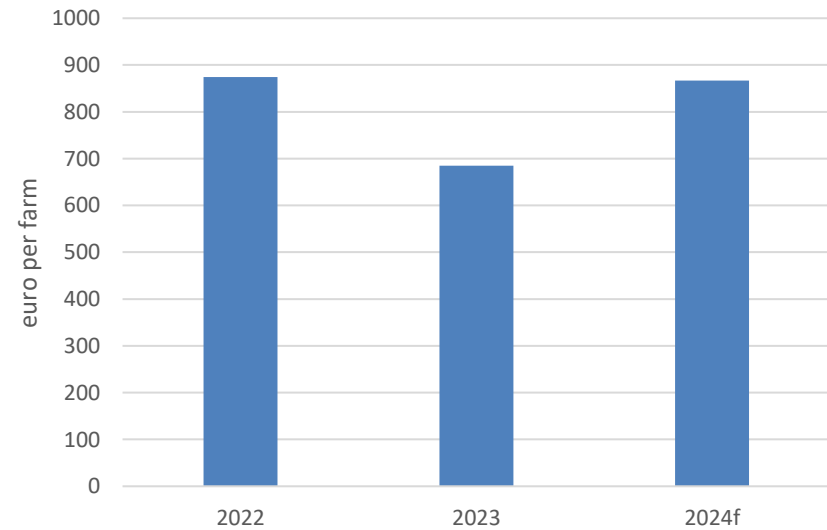
Source: DG Agriculture and Rural Development

Figure 34: Lamb price evolution – EU and Ireland – heavy lamb 2018-2024 (to date)



Source: DG Agriculture and Rural Development

Figure 35: Mid-season lamb gross margins 2022-2024f



Source: Teagasc NFS 2022-2023, Author Forecast for 2024

TILLAGE

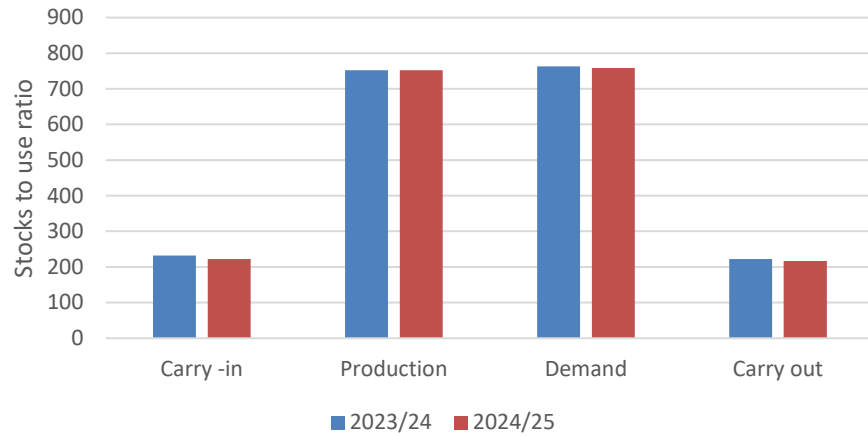


TILLAGE

Wheat Market		Other grains market		Prices		Irish Production		Input Costs		Farm Income	
Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook
 Negative		 Negative		 Negative		 Negative		 Positive		 Negative	
<ul style="list-style-type: none"> • EU soft wheat production in 2024/25 is expected to be 122.3 Mt, which is down on 2023/24. • EU demand for animal feeds and EU exports are expected to decrease due to lower availability, while it is expected there will be moderate recovery in human/industrial demand for wheat in the EU. • The EU27 soft wheat balance sheet indicates a radical change in 2024/25, with stocks falling sharply after the market heaviness of 2023/24. • EU ending stocks are expected to be 1.4 Mt in 2024/25 compared to 4.1 Mt in 2023/24. 	<ul style="list-style-type: none"> • Overall EU barley production is estimated at 51.3 Mt in 2024/25 compared to 47.5 Mt in 2023/24, yet EU production is still likely to remain below the 5-year average. • EU maize production is estimated to decrease slightly in 2024/25 to 62 Mt (compared to 62.6 Mt in 2023/24). • World grain markets are subject to decreasing global harvests on the one hand, with demand continuing to be influenced by inflation on the other. • Crop price formation in EU markets is influenced by competitor crops, hence supply and demand of all crops must be taken into consideration when making inferences for price formation. 	<ul style="list-style-type: none"> • Wheat and barley: signals at present indicate another decrease in harvest price in 2024 relative to 2023. • Farm gate 'on account' cereal prices on offer in the third week in July 2024 are between 5 and 10 percent lower than prices paid at harvest 2023. • Despite the decreases mentioned for 'on account' harvest prices, there remains much volatility in the market. • With a forecast reduction in world ending stocks to use ratios, European wheat and barley prices may increase for the marketing year as a whole. However, harvest pressure will continue to be exerted and will likely prevent prices from rising sharply in the near term. 	<ul style="list-style-type: none"> • DAFM cereal area figures indicate a decrease in 2024, down 6% compared to 2023. • Provisional harvest report figures from Teagasc indicate that crop yields for harvest 2024 will be lower than the five-year average. • In terms of yield per hectare, some crops are expected to yield slightly higher than last year and some crops lower than last year. • Taking area and yield data together, total production of cereals in 2024 will likely be down by 139,000 tonnes, which represents a 7% decrease on the 2023 level. 	<ul style="list-style-type: none"> • In 2024, there has been a decrease in the price of some cost items, while other costs have continued to increase. • Price decreases have occurred for key items such as fertiliser, electricity and seed. • There have been increases in prices for items such as plant protection products and a slight increase in fuel costs. • Overall, it is forecast that total costs on a whole farm basis on the average tillage farm in 2024 will be about 8% lower compared to 2023. 	<ul style="list-style-type: none"> • With lower cereal prices and a decrease in production volume, Irish cereal market based output value is forecast to fall again in 2024. • As of July 2024, there was clarity on payment of the Straw Incorporation Scheme. Some uncertainties still remain regarding how the new additional €100/ha payment for field crops in 2024 would be paid out. • Total production costs in 2024 are forecast to decrease, but not enough to compensate for the decline in market based output value. • Average tillage farm income in 2024 will likely remain in the low €20,000's on a whole farm basis. 						

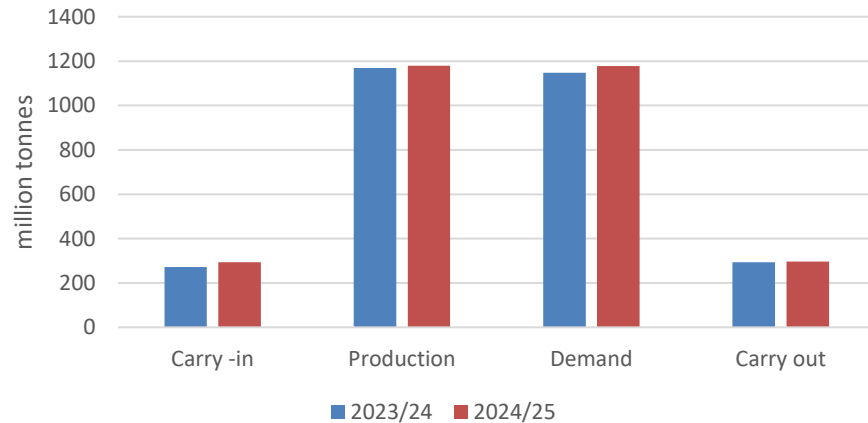
TILLAGE

Figure 36: EU soft wheat balance sheet (Mt)



Source: Strategie Grains

Figure 37: World maize balance sheet



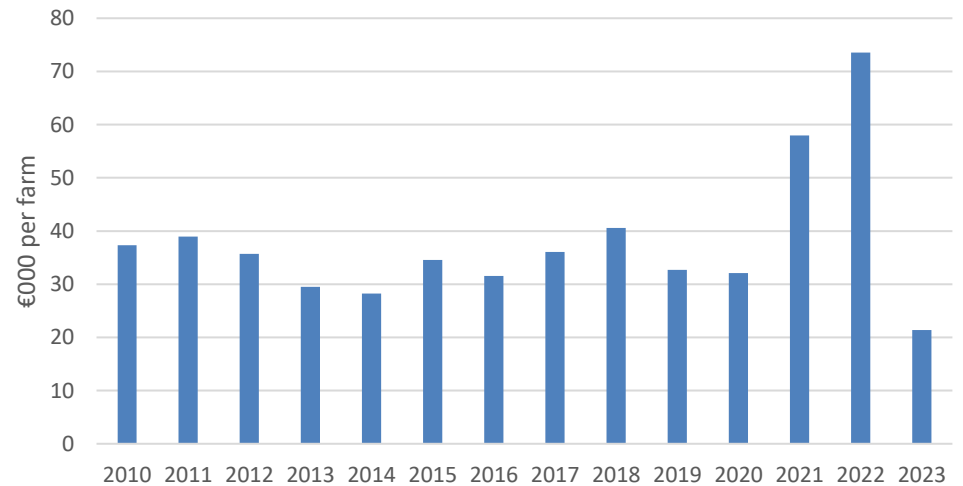
Source: Strategie Grains

Figure 38: Monthly average imported feed barley price (Dublin port) 2018 –2024



Source: European Commission, cereals statistics

Figure 39: Average Irish tillage farm income (2010-2023)





Source: Teagasc NFS 2010-2023

PIGS

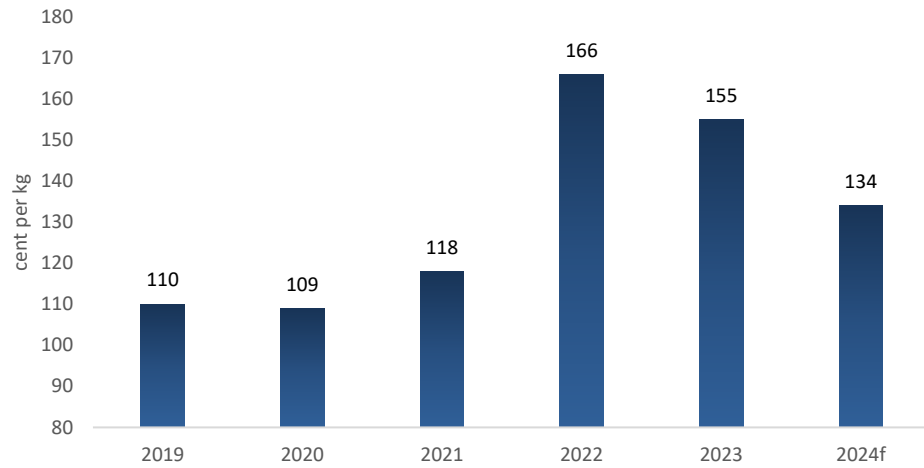


PIGS

EU Supply		Global Demand		Prices		Irish Production		Input Costs		Farm Income	
Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook
 Positive	 Positive	 Positive	 Negative	 Positive	 Positive	 Negative	 Positive	 Positive	 Positive	 Positive	 Positive
<ul style="list-style-type: none"> Overall EU pigmeat supply has stabilised (-1%) following significant declines (-9%) in the previous 2 years Spain, the largest EU pig producing country, increased its slaughter output by 1.9% in Q1 2024. This is expected to further increase as the year progresses. The 2024 pig slaughter throughput in the other large EU producers are either stable or in decline YOY; Germany (+0.2%), Denmark (-11%), Netherlands (-3.4%) The EU sow herd is expected to remain unchanged in 2024, after significant declines in 2022-2023 (-8%). Recent sow census data (April 2024) in Germany and Denmark indicate no herd change when compared to Dec 2023. 	<ul style="list-style-type: none"> EU pigmeat consumption has declined marginally in recent years. This trend is expected to continue, with EU domestic consumption forecast to fall from 31.8kg to 30kg per capita. EU pigmeat exports in Q1 2024 (1.085 MT) declined by 8% YOY, reflecting lower EU supply and higher EU domestic pig prices. The EU export destinations with the highest decline in volume YOY Q1 were China (-22%), Japan (-16%) and the UK (-3%). EU exports to China peaked in 2020 at 3.4Mt. Based on Q1 2024 export volume (268,197t), total 2024 EU exports to China may only reach 1MT. 	<ul style="list-style-type: none"> The current Irish pig price (July 2024) is 2.40c/kg The Irish pig price has increased from a moderate level in January 2024 (€2.09/kg) to the current high due to the relatively tight pig supply volume. Pig prices in other EU countries are also at a high level, due to the reduction in the EU sow herd in recent years. Irish and EU pig prices are expected to remain at a relatively high level for the remainder of 2024, although higher Q4 Spanish output may cause a moderate price decrease. There is a risk to EU pigmeat prices if China levies tariffs on EU pigmeat exports, in retaliation for EU tariffs on Chinese electric vehicles. 	<ul style="list-style-type: none"> Prior to 2022, Ireland had a stable sow herd of 145,000 to 150,000 sows. The Irish sow herd contracted significantly in 2022 (-14,000 sows), due to historically high feed and energy costs. Government support, via the PEPS measure, limited the sow reduction. Irish pig slaughter has now stabilised, but slaughter in 2024 is forecast to be 0.5 million head lower on an annualised basis Irish pigmeat YOY export volume (Jan-May 2024) is unchanged, but the UK export volume now constitutes 32% of the total, up 6% since 2022. 	<ul style="list-style-type: none"> Feed is the largest input in pig production, currently representing 72% of total production costs. Tight global feed ingredient stocks, combined with the invasion of Ukraine, brought feed prices to a historic high in 2022. Cereal ingredient prices have fallen by approximately €160/tonne from the peak in October 2022. Composite pig feed prices declined by 3% in 2023 (vs 22) and are forecast to fall by a further 15% in 2024 (vs 23) on an annualised basis Energy prices increased sharply in 2022 but are now falling. 	<ul style="list-style-type: none"> The sector had an income loss for 20 consecutive months from Aug. 2021 to Mar. 2023, with an average financial loss of €522,000 per farm In 2023, the sector returned to profitability due to declining feed costs and increasing pig prices. Farm incomes are expected to remain profitable in 2024 based on pig prices remaining at a high level. The risk of tariffs on EU pig exports to China could cause a sharp reduction in the EU pig price, which would reduce the potential profitability for 2024. 						

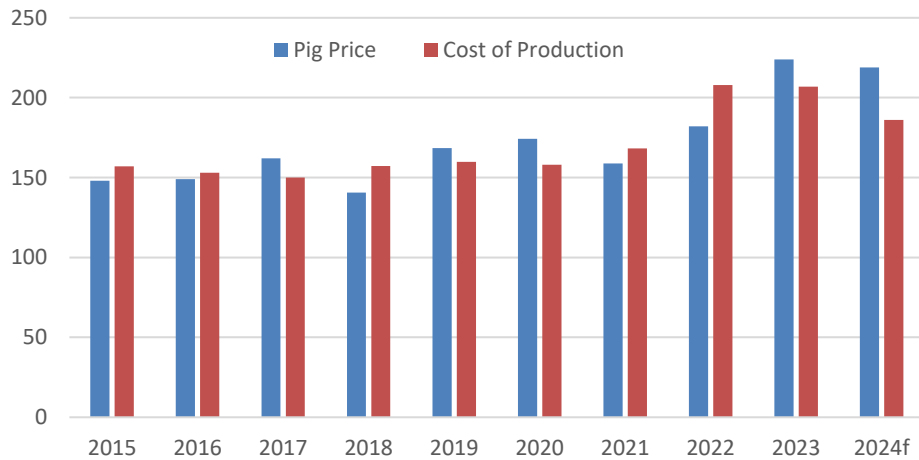
PIGS

Figure 40: Composite pig feed costs 2019-2023 and forecast for 2024



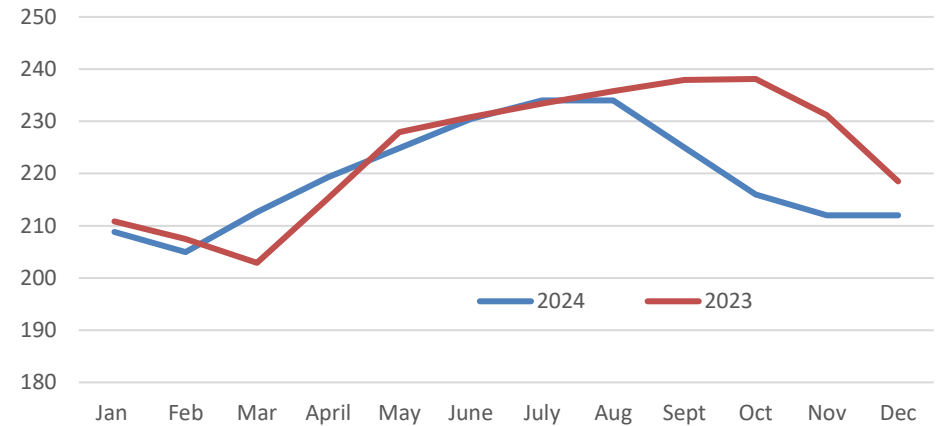
Source: Teagasc Pig Dept.

Figure 41: Annualised cost of production and pig price 2015-2024 (2024 forecast)



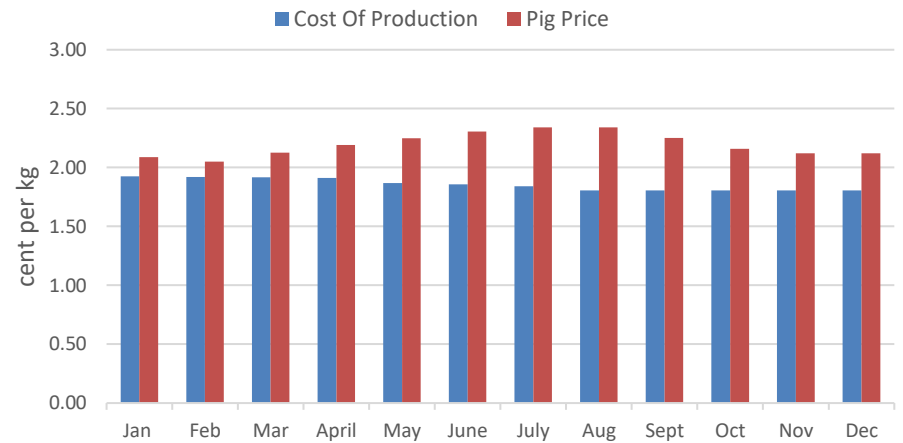
Source: Teagasc Pig Dept.

Figure 42: Monthly Irish pig price for 2023 & 2024 (forecast July-Dec 2024)



Source: Teagasc Pig Dept.

Figure 43: Monthly cost of production and pig price for 2024 (forecast July-Dec)



Source: Teagasc Pig Dept.

