

Situation and Outlook

July 2015

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2015 In Summary



Global Economy

mixed picture - US and UK outperform EU. Some concern about prospects in emerging markets

Forecast Average Farm System Income 2015

Dairy 40K (-40%)

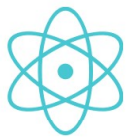
Cattle Rearing 13K (+32%)

Cattle Other 16K (+19%)

Sheep 17K (+13%)

Tillage 30K (+5%)

Mixed Livestock 41K (-26%)



Fertiliser Prices

slowly following decline in energy prices



Feed Prices lower in 2015

but may increase after harvest time

Average

Family Farm Income 2015



Food Demand Mixed

picture, with stronger demand for meats and grains and weaker demand for dairy



Euro depreciation

against the US Dollar and Sterling aids exports



Irish Unemployment

now below 10%



Eurozone inflation

remains very low



Input Costs Overall,

input costs little different than in 2014



Oil prices less

than half their level in mid 2014



Weather conditions

favourable but not as good as 2015

Introduction

This mid-year update is a supplement to the annual *Situation and Outlook* published by Teagasc in December 2014. It begins with a summary of current economic conditions, looking at the international macroeconomic picture, recent exchange rate developments and movements in energy prices. It then provides a summary of the developments that have taken place in commodity markets in the first half of 2015. Finally there is an assessment of the performance of the main farm systems in that period.

The report then takes a short term outlook perspective to year end, assessing likely future developments and how they would influence commodity prices, production costs and farm profitability.

Across the various farm sectors, access to timely official data on production, output prices and inputs costs remains a challenge across the EU. Official data sources tend to lag behind the actual market situation by 3 months and more in some cases. It is therefore necessary to rely on unofficial data sources, industry expertise and even anecdotal evidence to form an up to date assessment.

In this year's publication a new approach to summarising the situation and outlook has been included. For each commodity sector, production, consumption, output price, input market developments and income are assessed and given a positive, neutral or negative ranking.

This exercise is carried out in respect of the *Situation*, representing the first half of 2015, and the *Outlook* representing the second half of 2015. The categorisation is performed with respect to the farmer's perspective on the impact on profitability.

The categorisation takes account of the position in the previous period. So for example a fall in milk prices in the first half of the year in comparison with the same period in the previous year would be categorised as a **negative** situation.

However, if milk prices were anticipated to rise in the outlook period relative to the same period in the previous year this would be described as a **positive** outlook.

Examples of positive developments would include:

- A rise in output prices
- A fall in inputs 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 inputs 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 either too early to make an informed judgement or where there is a deficit of the necessary data on which a judgement should be made, it may not be possible to determine whether a positive, negative or neutral symbol should be used. Such instances are represented by a question mark.



This approach is designed to highlight the key market developments that have recently taken place and that are likely to take place in the short term. The associated information is then distilled down to a series of summary tables.

Commodity Sector Summary

Dairy		Beef		Sheep		Tillage	
Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook
 Negative	 Negative	 Positive	 Positive	 Positive	 Neutral	 Neutral	 Neutral
PRODUCTION: Irish milk production was down in Q1 due to quota constraints, but a surge in production has been observed in Q2. Lower milk prices may temper milk production growth in Q3. An annual increase in Irish milk production of 10% looks likely, with considerable regional and farm level variability around that figure. PRICES: Irish milk prices fell through the first half of 2015 as the decline in international dairy prices fed through to the EU market. With an oversupply of dairy products globally, further milk price reductions may take place in the coming months. However, further price reductions will have a limited impact on the annual average price, given the seasonal milk production profile. COSTS: In 2015, feed, fertiliser and energy price movements are tending to offset each other, leaving overall production costs stable. Efficiency gains may be achieved on expanding farms. MARGINS: Net margins in 2015 will be down over 60% on the last two years and average dairy farm income looks like being over 40% down on the 2014 level.		PRODUCTION: Irish beef production has so far fallen by about 4% in 2015, reflecting lower cattle availability. PRICES: Following the controversies of 2014, where declining finished cattle prices led to lower incomes on cattle finishing farms, 2015 has so far been characterised by increasing prices for cattle at all points along the Irish beef supply chain. The short term outlook to the end of the year is for Irish cattle prices to remain on average at higher levels than in 2014. COSTS: Costs of production are likely to fall slightly in 2015, mainly due to lower feed and fuel prices and possibly lower feed usage volumes. MARGINS: Higher market prices for young and finished cattle, combined with largely static input costs, should lead to improvements in the profitability of cattle production in Ireland over the poor outcomes that characterised 2014. Gross margins on Cattle Finishing look like being up to 20% higher than in 2014, while margins on single suckling farms could improve by up to 30%.		PRODUCTION: In 2015 EU and Irish lamb supplies are forecast to increase marginally. With the increase in supply likely to be matched by modest improvements in demand for sheep meat, the outlook for EU and Irish heavy lamb prices is stable. PRICES: In 2015 the competitiveness of Irish lamb exports in the UK market (and against UK lamb on French markets) will be supported by the expected on-going weakness of the Euro against the pound sterling. MARGINS: With stable to improving lamb prices, improved lambing conditions in 2015 and aggregate input costs that are forecast to be largely stable in 2015, profit levels in Irish sheep production should be above those achieved in 2014. Gross margins on mid-season lowland lamb enterprises are forecast to be 8% higher than those recorded in 2014.		PRODUCTION: In Ireland growing conditions to mid July 2015 have been relatively good, but harvesting is slightly delayed, making it difficult to gather hard evidence on likely yields. PRICES: A tightening of supply and demand at the global level should introduce some upward movement in global grain prices in 2015. There is potential for a slight increase in harvest prices in Ireland relative to 2014 due to international market conditions. COSTS: Production costs in 2015 are relatively unchanged on the 2014 level. MARGINS: A slight improvement in margins is likely if yields are close to the 2014 level, but it is still too early to conclude how close this year's yields can come to matching the excellent yields recorded in 2014.	

Global Economy

There are signs that the global economy is moving to a period of uncertainty. While the difficulties in the Eurozone have grabbed the headlines, there are also increasing concerns about growth prospects in emerging economies. There are signs of a slowdown in economic activity in China which has been the powerhouse of growth globally over the last decade. Led by the decline in oil prices which began in the summer of 2014, there has been a more general softening of demand for a wide range of commodities from metals through to agriculture.

Macro Economy

Among the larger global economies, the US and the UK have been some of the best performing over the last five years. In the aftermath of the Global Financial Crisis (GFC) the US and UK each followed a policy of low interest rates and quantitative easing which led to a depreciation in the US dollar and Sterling against other major currencies. Subsequently, both economies have experienced a faster return to economic growth and decline in unemployment than is the case in the Eurozone.

Expectations are that quantitative easing in the US will shortly come to an end and that a rise in US interest rates is imminent. This has led to an appreciation of the US dollar against a basket of international currencies.

China's economic growth has been a major driver of world demand over the last decade. Global demand has been driven by China's high economic growth rate and the

sheer size of the Chinese economy, which is now the second largest in the world. As China becomes more affluent, a gradual slowdown in Chinese economic growth rates is inevitable, but it would be important for the global economy that this slowdown does not manifest itself as a sudden contraction in demand. China recently recorded its lowest growth in a quarter of a century, reflecting a slowdown in construction and manufacturing.

Concern has been increasing for several months regarding the phenomenal growth in Chinese stock prices. Many private citizens in China have invested heavily in the market in recent years, much of it through borrowed money. There are fears that this has created an environment for a stock market bubble and that a substantial downward correction in stock market values may result. The Chinese government has been actively using policy measures to try to ensure that confidence among investors is maintained.

Even though international investors have limited exposure to the Chinese stock market, the impact of a stock market correction would be felt beyond China. If the market experiences a sharp correction, this would adversely affect investor and consumer confidence. This could affect Chinese growth rates and would have a negative impact on Chinese import demand. Lower demand from China for commodities such as oil, metals, chemicals and agricultural commodities would have negative global growth implications.

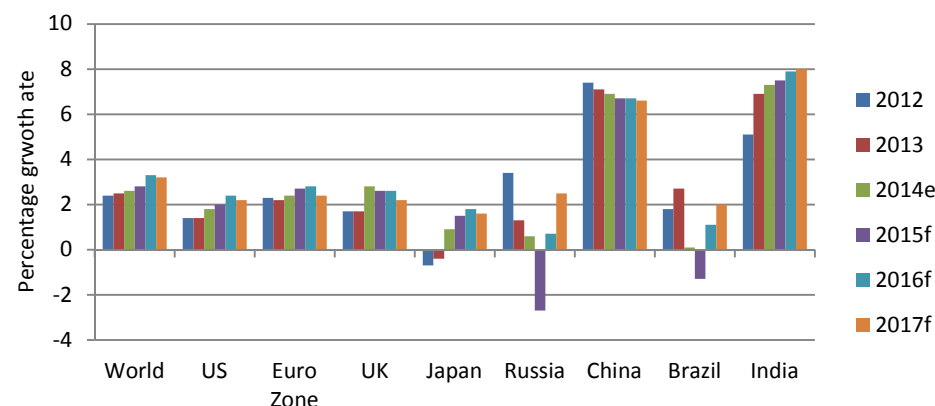
In the Eurozone, the capacity of Greece to sustain its debt obligations and remain a member of the Eurozone is a key on-going

concern. While the prospects of an immediate so-called "Grexit" have receded, the likelihood of a Greek Eurozone exit in the medium to longer term remains high. Such an outcome would damage the reputation of the Euro as a genuine currency union. Greece is now in the process of implementing its latest bail-out plan and negotiations on a further deal are scheduled to conclude by the end of August 2015.

More generally in the EU the outlook in much of northern Europe is relatively positive, with falling unemployment rates and moderate economic growth. Parts of Southern Europe remain caught in a low growth, low inflation and high unemployment trap. With no further scope to reduce interest rates, this has led the European Central Bank (ECB) to finally engage in quantitative easing, mimicking the strategy already pursued by the US and the UK central banks at earlier points in the GFC.

Actual and projected GDP growth rates for selected regions of the world are shown in Figure 1.

Figure 1: Annual Real GDP growth rates and forecasts



Source: World Bank (June 2015)

Exchange rates

Contrasting economic performance and economic policy developments across the world's major economies have had implications for the exchange rates of some of the world's major currencies in 2015.

With no scope for further interest rate reductions, the ECB's capacity to kick start the Eurozone economy has become more limited. In early 2015 the ECB finally announced a programme of bond buying which effectively amounts to quantitative easing, the programme is designed to increase inflation and reduce the value of the Euro in order to make the Eurozone more economically competitive. Apart from low economic growth, very low inflation and high unemployment, the Eurozone is also afflicted with concern for the future of Greece as a member of the currency union, which has generated negative sentiment about the Euro currency.

The strong performance of the US economy means that it is close to the end point of its own quantitative easing programme and this has created an expectation of increased interest rates which has boosted the value of the US dollar thus far in 2015.

As shown in Figure 2, the combination of these two effects has meant that the Euro has lost significant ground against the US Dollar in the first 6 months of 2015, falling from US \$1.23 in December 2014 to

US\$1.07 in April before recovering somewhat to US\$ 1.12 by June 2015. Overall, in the first half of 2015 the Euro has been at its lowest level against the US Dollar since the early 2000s.

Given the strong performance of the UK economy in comparison to the Eurozone, Sterling has also strengthened against the Euro in 2015. As illustrated in Figure 3 Sterling rose in value from 78p per Euro in December 2014 to 72p in June of 2015. The Bank of England has also signalled that a UK interest rate rise is imminent and this will further strengthen the value of Sterling.

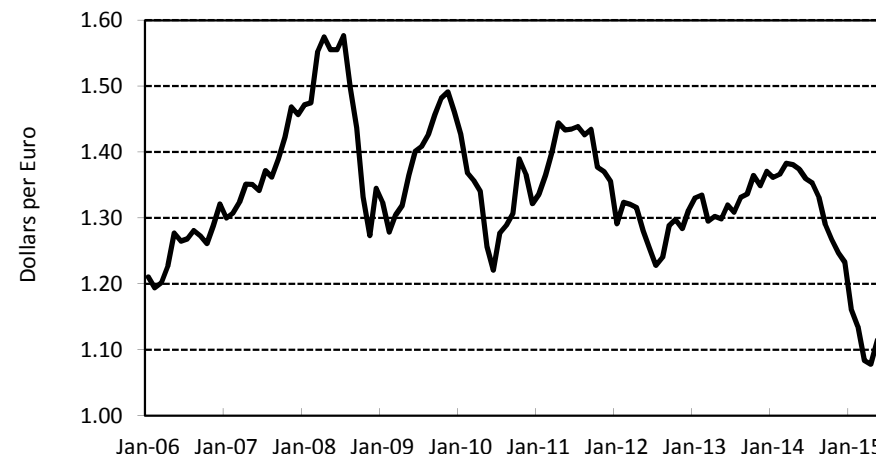
Expectations are that the Euro will remain weak through the duration of the ECB quantitative easing programme, which could extend over two years or more depending on the pace of the economic recovery in the Eurozone.

Internationally the slowdown in growth rates in China has placed downward pressure on the value of the currencies of major commodity exporters such as Australia and Brazil, which have both lost ground against the US dollar. Falling dairy commodity prices have also led to a depreciation in the value of the NZ dollar in 2015.

Exchange rates are important in that they impact on the price of Ireland's exports and imports. Much of Ireland's agri related trade is denominated in non-Euro currencies. The weakness of the Euro is a positive for Irish

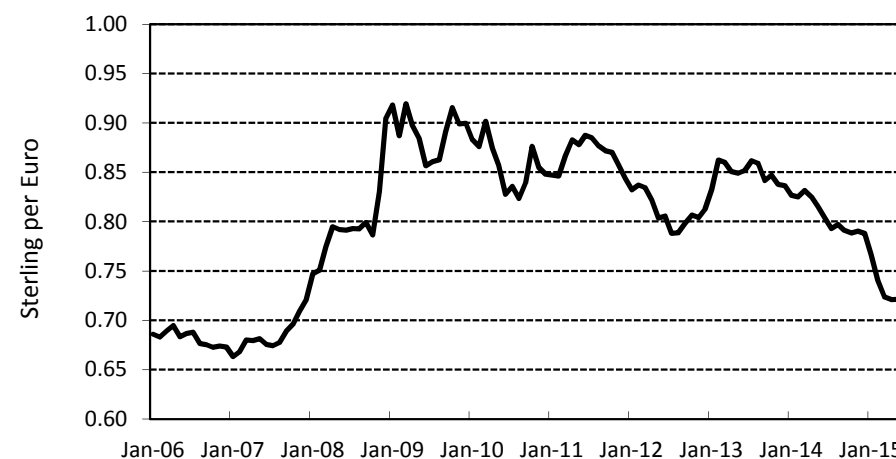
agri-food exports making them more competitive. The flip side is that a weak Euro can have an adverse impact on the price of imported inputs such as feed and fertiliser, making them more expensive than otherwise would be the case.

Figure 2: Euro/Dollar Exchange rate



Source: European Central Bank

Figure 3: Euro/Sterling Exchange rate



Source: European Central Bank

Energy Market

While fuel and electricity are less significant input items than feed and fertiliser in grassland and tillage systems, the price of energy has implications that extend throughout the economy, given the importance of energy as a cost item in the production and distribution of goods. The decline in oil prices, which began in the middle of 2014, does not show signs of an imminent reversal. Meanwhile, gas and electricity prices have not fallen to the same extent as oil prices.

Energy prices, particularly oil prices, have been falling over the last 12 months as illustrated in Figure 4. The emergence of non-conventional fossil fuel extraction technologies, such as fracking, has made it possible to recover previously uneconomic oil and gas deposits. Fracking has also increased the exploitable capacity of fossil fuel deposits which previously would have only been extracted through conventional means. In short fracking means that the world now has more access to oil than would have been expected even five years ago.

Oil exporters whose oil production had previously been limited for geopolitical reasons have also increased production, further boosting global oil production capacity. Most recently the Iran nuclear deal paves the way for a gradual return of Iranian oil to the global market, beginning with a rundown of its existing stock pile. However, it will require significant

infrastructural redevelopment before Iran can restore its oil exports to pre-sanction levels.

The increase in oil supplies from non-conventional sources has gradually weakened the hand of the Organisation of Petroleum Exporting Countries (OPEC), a cartel which has acted to control the price of oil through a system of production quotas allocated across its member countries. Increased oil production from non-OPEC members has reduced the share of global oil consumption controlled by OPEC and has weakened its effectiveness as a cartel.

In an attempt to stem the growth in fossil fuel production from non-conventional sources, OPEC has allowed a surplus of global oil production to push oil prices down to lower levels, in the expectation that high cost oil producers (such as the frackers in the US) will cease production, thereby allowing OPEC to regain a larger share of the global oil market and exert greater control on pricing.

Having reached a monthly low of US\$47 per barrel in January 2015, oil prices seem to have stabilised in a US\$55 to US\$60 range, with a strengthening of the US Dollar and lower than anticipated growth in international demand limiting the recovery in oil prices. Thus far it would seem that OPEC's strategy to regain control of pricing in the market has had only limited success.

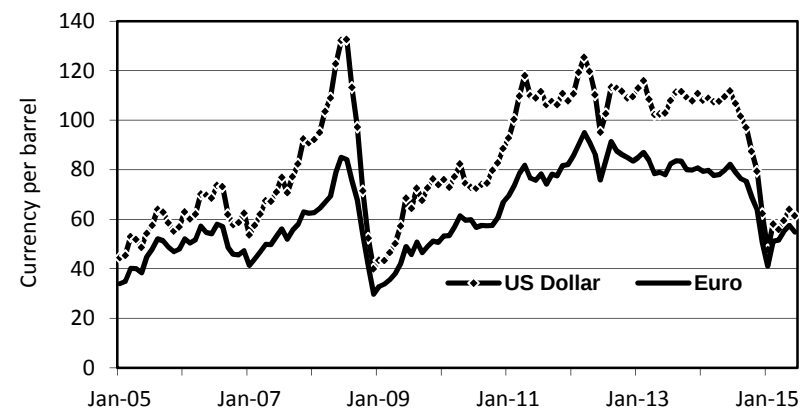
Lower oil prices have benefitted oil importing regions globally such as the US and EU and have been a negative for oil dependent exporters such as Algeria and Venezuela, who have seen their oil revenues drop substantially.

While natural gas prices in the US have fallen substantially, natural gas prices in Europe, as

illustrated in Figure 5, have been slower to follow the downward path of oil prices due to the duration of fixed price gas contracts. However, European natural gas prices have finally moved into decline in recent months.

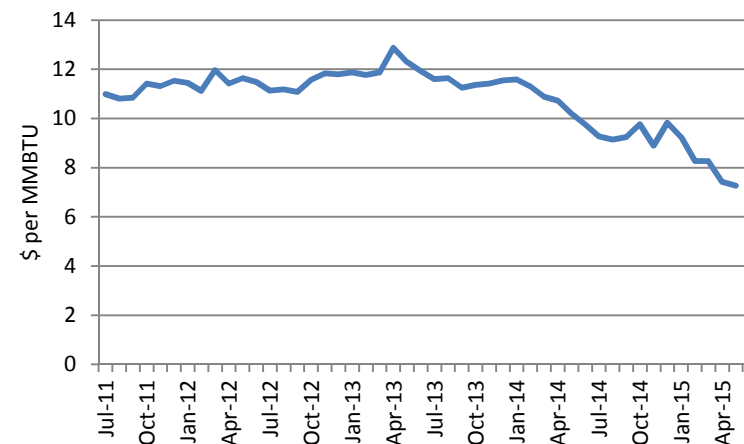
Expectations are that oil prices will follow a slow upward trend as we move into 2016.

Figure 4: Brent oil prices in Euro and US dollar terms



Source: Adapted from the St Louis Fed

Figure 5: European Natural Gas Average Import Price



Source: World Bank

Inputs Market Summary

Feed		Fertiliser		Energy	
Situation	Outlook	Situation	Outlook	Situation	Outlook
 Positive	 Neutral	 Negative	 Positive	 Positive	 Neutral
- Grass growth conditions have been favourable, but there have been some contrasting developments in terms of feed use between the dairy and beef herd thus far in 2015. - Indications are that so far in 2015 dairy feed use is up, in part due to increased dairy cow numbers, but also due to increased milk yields. - By contrast beef feed use in the first half of 2015 seems to be down compared with the same period in 2014. This likely reflects lower numbers of cattle on feed in 2015. - Feed prices have been lower through the first half of 2015, than in the same period in 2014, reflecting the fall in harvest 2014 prices. - Feed prices through the second half of 2015 will depend on global grain supply and demand conditions, with modest upward price pressure likely.		- In spite of the fall in oil prices, European gas prices have been slow to adjust downwards. As a result, fertiliser prices have not yet followed the downward path of oil prices. The weakness of the Euro against the US Dollar has also weighed against a fall in Irish fertiliser prices. - Fertiliser prices should decline in the second half of 2015, but with much of the purchasing activity for 2015 already in the past, this price reduction is more likely to be of benefit to the farmer's pocket in 2016. - While only a limited amount of data are available to date, it would appear that fertiliser utilisation rates in Ireland for the 2015/16 fertiliser year are broadly on a par with usage levels in 2014/15. There is some anecdotal evidence that fertiliser use has declined below normal levels over the summer due to favourable grass growth conditions, but this will not be confirmed until data are available in the autumn.		- Substantially lower oil prices have been a feature of 2015. - Prices dropped as low as US\$ 45 per barrel but have recovered to US\$ 55 and seem to have settled in this territory. - Eurozone countries have not derived the full benefit of the fall in oil prices, as it has been partially offset by the fall in the value of the Euro against the US Dollar. - Farmers have seen a fall in fuel prices, but a more general reduction in other costs associated with energy prices has yet to materialise.	

Weather Conditions

From an agricultural perspective weather conditions in 2014 were regarded as exceptionally good, so a reversion to more normal weather was to be expected in 2015.

Spring 2015 was generally wetter and cooler than normal. While sunshine levels were higher than normal, the January to March period saw air temperatures that were about 1 degree below normal, reflecting the late arrival of spring. From April to June air temperatures were also below normal, but not to the same extent as earlier in the year. Deviations in the spring air temperature relative to normal are shown for a range of locations in Figure 6. Across Ireland air and soil temperatures have generally been lower in all regions during the first half of 2015 in comparison with 2014.

As shown in Figure 7 there has been a contrast in the normal pattern of rainfall levels between the West and the rest of Ireland in the first half of 2015. Cumulative rainfall amounts in the West (Athenry) for the first half of 2015 were 23% above normal, with unseasonably heavy rainfall recorded in May.

By contrast, in the first half of 2015 cumulative rainfall amounts in the East and Midlands (Grange & Oakpark) and in the South (Moorepark) have been 15% to 20% below normal. However, April was abnormally dry and May abnormally wet in these three locations.

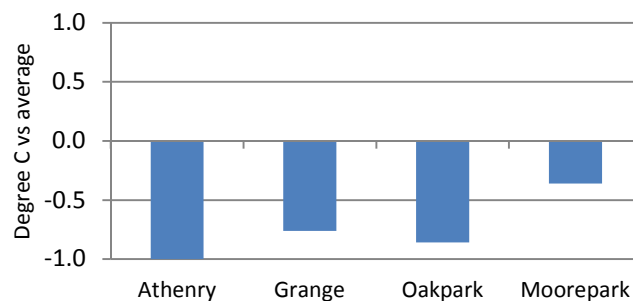
Figure 8 shows grass growth data from Teagasc Moorepark for 2014, 2015 and an average of 2004-2014.

Overall, weather conditions in the first half of 2015 have been less favourable for grass growth than in 2014, but grass growth performance has still been comparable to the long term average.

Looking across the EU, a pattern of quite favourable forage conditions in the first half of 2015 can be discerned.

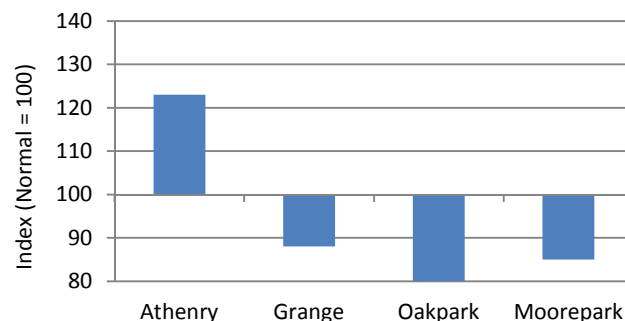
Note: Normal weather is defined as the 30 year average from 1981 to 2010.

Figure 6: Spring Mean Temperature 2015 relative to normal (1981-2010)



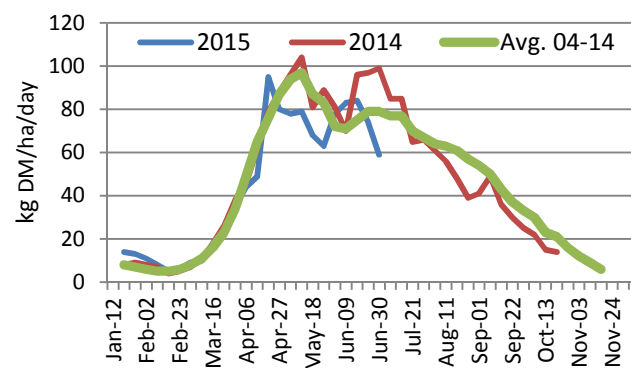
Source: Met Eireann

Figure 7: Jan to June 2015 rainfall relative to normal (1981-2010)



Source: Met Eireann

Figure 8: Teagasc Moorepark grass growth 2014, 2015, and 10 year average



Source: Teagasc

Feed Market

The outturn for 2014 showed that feed use on grassland enterprises in Ireland fell considerably in volume terms. Based on DAFM and CSO data, dairy feed use per head in 2014 was down to about 870kg per cow, a decline of 16% on the previous year. A similar percentage decline was recorded for beef feed usage per head.

Official data on feed use in 2015 is limited as of July 2015, with sales data reported for just Q1 only. This data shows that aggregate dairy feed sales in Q1 2015 increased by over 5% relative to the same period in 2014.

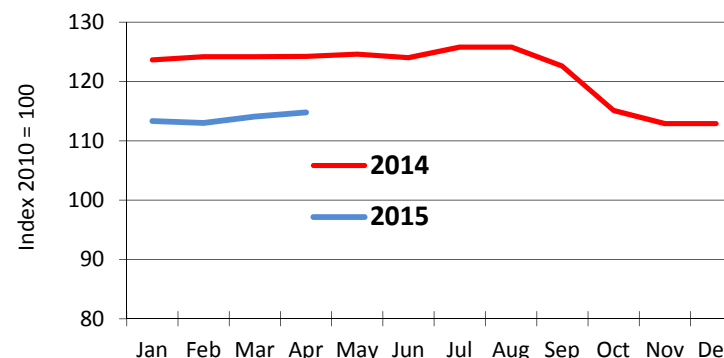
This increase is somewhat surprising given the need to cut milk production in the final months of the quota system to minimise the impact of a superlevy. However, it also reflects the fact that there are more dairy cows in the system in 2015 than there were in 2014. By contrast beef feed sales declined in Q1 of 2015 by 11%, marking the lowest level of beef feed sales in Q1 since 2012.

Unusual rainfall patterns in April, which was particularly dry, and May which was much wetter than normal, may have impacted on feed sales in Q2. Unofficial data up to the end of May put year to date feed use about 3% ahead of the same period last year, with dairy feed up and beef feed down on the previous year.

As shown in Figure 9 and Figure 10, feed prices declined considerably in Q4 of 2015 and remained relatively stable in Q1 2015 before moving upward slightly in Q2 of 2015.

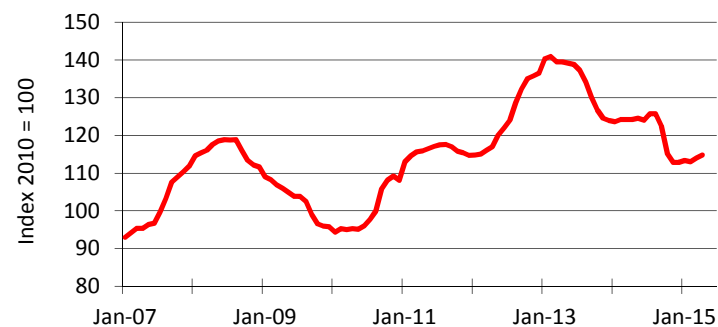
Feed prices for the rest of 2015 will be contingent on the size and quality of the harvest. At an EU level, the early indications are that grain production will be down a little in 2015 and there may be some moderate upward pressure on grain and animal feed prices.

Figure 9: Index of Monthly Irish Feed Prices 2014 and 2015



Source: Central Statistics Office

Figure 10: Longer Term Index of Monthly Irish Feed Prices



Source: Central Statistics Office

Fertiliser Market

At the outset of 2015 the outlook for international urea prices suggested that prices should decline. Fertiliser inventories were high and there were expectations that changes to Chinese export taxation policy could lead to an increased availability of urea on international markets. These expectations have largely proved to be accurate, but Chinese fertiliser manufacturers have tempered the fall by cutting prices gradually.

The fall in oil prices over the last 12 months may have created an expectation of an associated fall in gas and nitrogenous fertiliser prices. However, two factors have militated against a concomitant fall in fertiliser prices.

The first of these factors is the decline in the value of the Euro, which has made fertiliser imports into the EU from third countries more expensive in Euro terms in the first half of 2015 than otherwise would have been the case.

The second reason why fertiliser prices did not follow the path of oil prices is that gas prices in Europe have been slow to fall. In particular the price of Russian gas was slow to follow the broad decline in oil prices over the last 12 months. While these gas prices tend to follow oil prices movements, they do so with a significant lag in the region of six to nine months.

Therefore, it is only in Q2 of 2015 that European gas prices have started to reflect the reduction in oil prices which began in Q3 of 2014. Expectations are that the continuing weakness of the Euro will limit international gas price reductions in the coming months.

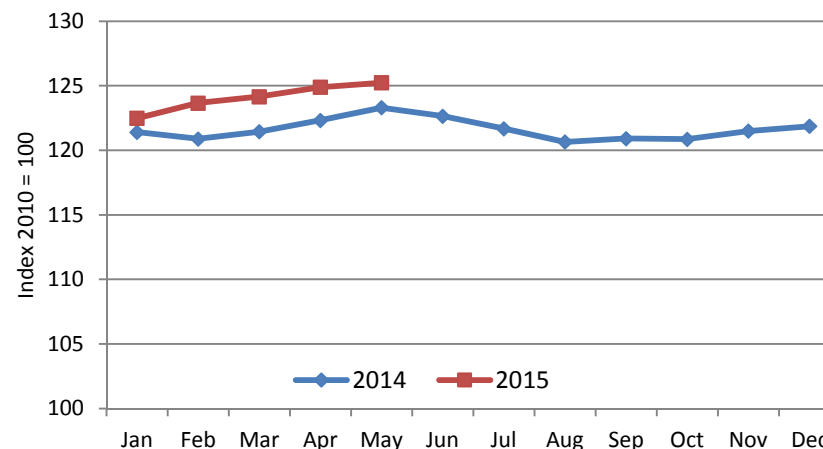
As shown in Figure 11, over the first half of 2015 Irish fertiliser prices trended upward slightly. There is an expectation that prices should drop in the middle and latter stages of the year. Indeed, price movements for fertiliser in Ireland in recent weeks have been downward.

However, traders who may have bought fertiliser stock at higher prices will be keen to ensure that they retain a profit margin on sales over the rest of the year and this may prevent a swifter reduction in prices. In any event, the bulk of the fertiliser purchasing at farm level for 2015 will have been completed by the time nitrogen prices reflect the fall in energy prices. The benefit of lower fertiliser prices may therefore be felt in next year's production season rather than this year.

In terms of fertiliser sales in Ireland, the available official data covers the first 6 months of the fertiliser year (Oct 2014 – Mar 2015). Figure 12 shows a 1% increase in nitrogen sales, a 7% increase in phosphorous sales and a 6% increase potassium sales, relative to the same period in 2013/14.

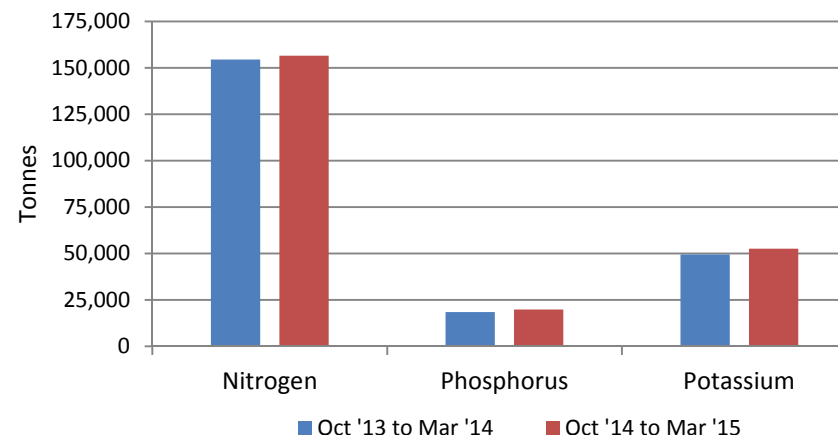
There is some anecdotal evidence to suggest that fertiliser sales have slowed in Q2 of 2015, due to favourable grass growing conditions and perhaps also because farmers are aware that better prices may be secured if purchases are delayed.

Figure 11: Index of Irish Fertiliser Prices January to May 2015 vs. Jan to May 2014



Source: Central Statistics Office

Figure 12: Irish Fertiliser Sales in first 6 months of Fertiliser year



Source: Central Statistics Office

Dairy Market

Global Supply		Global Demand		Milk Prices		Irish Production		Input Cost		Irish Farm Income	
Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook
											
Negative	Neutral	Negative	Negative	Negative	Negative	Positive	Positive	Neutral	Neutral	Negative	Negative
- Global milk production grew strongly in 2014, but has slowed in 2015 in the face of lower milk prices. - There have been strong increases in milk production in Ireland since milk quotas were lifted. - Production growth is also evident in Poland, Spain the Netherlands and UK - By contrast, there has been a slight contraction in milk production in France and Germany in 2015. - EU production in 2015 is expected to be about 1% higher than 2014.		- International dairy product demand has been weaker than expected in 2015. - A pronounced fall off in Chinese imports of milk powers in 2015 has adversely impacted the global dairy market. - The Russian embargo has remained in place and this is also adversely affecting international dairy product demand. - While the runaway growth in global milk production has been arrested, sluggish demand has persisted into the summer of 2015 and will delay a recovery in dairy product and milk prices.		- Dairy commodity prices are 30% to 40% lower in 2015 than in 2014. Butter prices have suffered less than powder prices. - The weak Euro has protected the EU market to some degree from the full impact of the decline in international dairy prices. - Irish milk prices have slipped from 30 cent to 28 cent per litre over the peak delivery period. - Short term prospects are not good, with the most recent Global Dairy Trade auction prices signalling that there is scope for a further decline in dairy product and milk prices in Europe in the second half of 2015.		- Milk production slowed considerably in Ireland and across much of the EU in Q1 of 2015 in order to limit superlevy penalties. - The removal of milk quotas has seen a strong increase in milk deliveries in Ireland in Q2. - The increase in Irish milk production in Q3 will depend on grass growing conditions and milk prices in the post-peak shoulder period. - Falling milk prices may put a dent in the increase in deliveries in Q3. - The constrained production in Q1 will be offset by growth in Q2 and Q3 with production for 2015 likely to be 10% up on 2014.		- Feed prices are down slightly on last year, but feed use may be slightly ahead of 2014 levels. - Lower energy prices have been slow to filter through to fertiliser prices. - It is possible that fertiliser use may have dropped back due to favourable weather conditions, but this is not yet evident in the available sales data. - The weak Euro has prevented a more substantial fall in imported input prices. - Overall, production costs in Q1 and Q2 of 2015 are little changed on the 2014 level and the outlook for the rest of 2015 is similar.		- Average net margin in cent per litre is likely to be in the low single digit territory. - Higher levels of milk production will offset some of the impact on income caused by the 28% decline in milk prices. - Subsidy payments, which average about €20,000 per dairy farm, will also limit the drop in income. - The current forecast is that the average sized Irish dairy farm will achieve an income of around €35,000 to €40,000 in 2015, compared with €67,000 in 2014.	

Dairy Market

Figure 13 summarises recent milk supply developments. EU calendar year 2014 milk production was up 4%. Production was also up in other major export regions such as the US (3.2%) and New Zealand (4.6%). Global milk production growth has slowed in 2015 in the face of lower milk prices. EU production was up just 0.2% for the January to May period, as several EU MS ended 2014/15 in an over-quota situation, notably, Ireland, Denmark, Italy, Germany, Poland and the Netherlands. Ireland has shown the strongest increase in production since milk quotas were lifted.

Overall EU production in 2015 is expected to be about 1% higher than in 2014. Increases in many member states will be offset by forecast 2015 reductions on the 2014 milk production level in France and possibly Germany (the two largest milk producers in the EU) and also by lower production in parts of Eastern Europe.

Plentiful dairy product supplies have not been backed by strong dairy product demand over the last 12 months. A pronounced fall off in Chinese imports of milk powder in 2015 has adversely impacted the global dairy market. Lower oil revenues and the Russian embargo are also impacting on the demand side.

Sluggish demand has persisted into the summer of 2015 and will delay a recovery in dairy product and milk prices. Figure 14 shows Chinese powder imports in the period January to May 2015 and in the same period in 2014.

Dairy commodity prices are 30% to 40% lower in 2015 than in 2014. EU SMP prices are now near to EU intervention levels, while EU prices for butter have been more resilient. The depressed nature of the international dairy market has fed through to dairy product and milk prices in Ireland.

The weak Euro has protected the EU market to some

degree from the full impact of the decline in international dairy prices. As shown in Figure 15, Irish milk prices were still at 30 cent per litre entering the peak period of production, but slipped to 29 cent per litre in May and then to 28 cent per litre by June 2015.

Short term prospects for dairy commodity prices are not good. Figure 16 charts the most recent Global Dairy Trade auction price developments, which suggest that there is scope for a further decline in dairy product and milk prices in Europe in the second half of 2015.

Milk production slowed considerably in Ireland and across much of the EU in the first quarter of 2015. This was partly due to falling milk prices, but more particularly due to the high levels of production in 2014 and the necessity to scale back production at the end of the 2014/15 quota year to limit superlevy obligations.

The removal of milk quotas has seen a strong increase in milk deliveries in Ireland in April, May and June, with production during these three peak delivery months up an estimated 12% on the same period in 2014.

The increase in Irish milk production for the year as a whole will depend on grass growing conditions between now and the end of the season. The falling milk price may also put a dent in the increase in deliveries. The constrained production in Q1 will offset the growth in the post quota period slightly. Production for 2015 is likely to be 10% up on 2014.

The first half of 2015 has seen little movement in Irish feed prices, which have trended upward slightly but remain about 10% below the level in the first half of 2014. It is notable that the volume of aggregate Irish dairy feed sales has been running ahead of the 2014 level. In part this is due to the continuing increase in the Irish dairy cow population over the last 12 months, but it may also reflect

increased feed use per cow, given that milk yields are up by anything from 5% to 10% on the 2014 level. In spite of the fall in milk prices, there is some anecdotal reporting of increased feeding by some farmers to drive increased milk production in order to meet cash flow requirements.

Fertiliser prices have trended upward, reflecting the weakness of the Euro versus the US Dollar. Fuel expenditure has declined, reflecting the fall in oil prices.

Overall, production costs are little changed on the 2014 level and the outlook for the rest of 2015 is similar.

As already flagged in the December 2014 Situation and Outlook, Irish dairy farm incomes in 2015 will be well down on 2014. With little change in input costs in 2015, the driver of lower profits will be the fall in milk prices. The annual average milk price in 2015 is likely to be close to 30% lower than the 2014 average, bringing the price for the year to about 28 cent per litre.

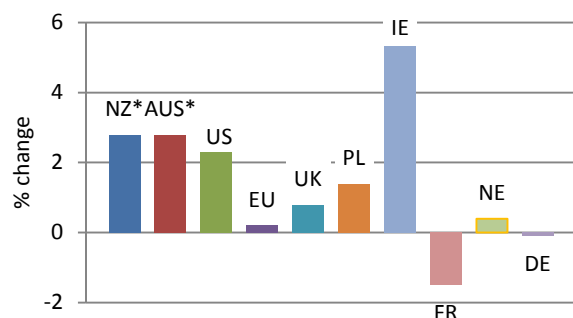
Two factors will limit the fall in dairy farm income in 2015. The first of those is the increase in milk deliveries. The extent of this increase will be farm specific and could average about 10% nationally. The second factor limiting the fall in Irish dairy income in 2015 will be the subsidy payments which dairy farmers receive annually.

While there is unlikely to be any substantial changes to production costs, some farmers that increase production may achieve economies of scale and efficiency gains. In general farms that are expanding production are likely to see a slight reduction in per unit costs of production, as overhead costs are spread across a larger production volume. Figure 17 shows the average net margin per hectare in 2014 and the forecast margin for 2015. The 10% increase in production per hectare and the increase in efficiency are still insufficient to offset the substantial milk price reduction. It is forecast that dairy net margin

per hectare will decline by 63% from €1,400 in 2014 to about €500 in 2015.

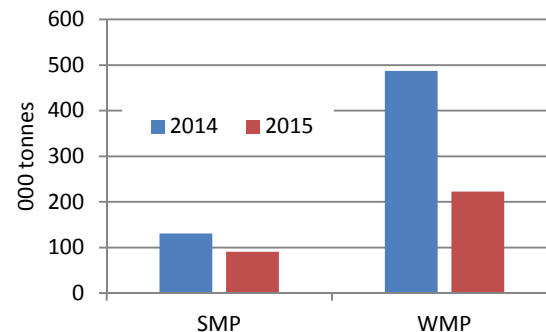
Although dairy net margin is forecast to decline by 63%, dairy farm income is expected to fall by a smaller extent due to the cushioning effect of direct payments and income from the other enterprises on the farm, for which the margin is expected to remain relatively static. The average dairy farm received a direct payment of €20,767 in 2014 and had an average farm income of €67,598. We forecast that average dairy farm incomes in 2015 will be in the €35,000 to €40,000 range, a more than 40% reduction on the 2014 average.

Figure 13: Increase in Milk production Jan to May 2015 in EU & US (July '14- May '15 NZ & AUS)



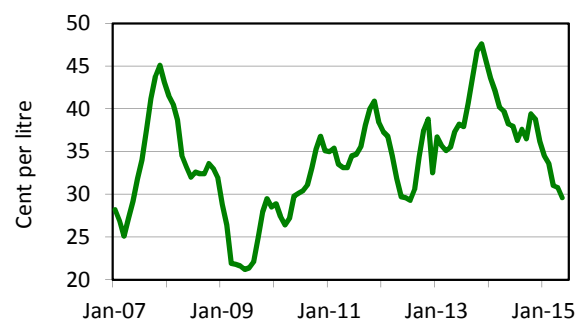
Source: Eurostat, USDA, Dairy Australia, DCANZ

Figure 14: Chinese Powder Imports Jan to May 2014 & 2015



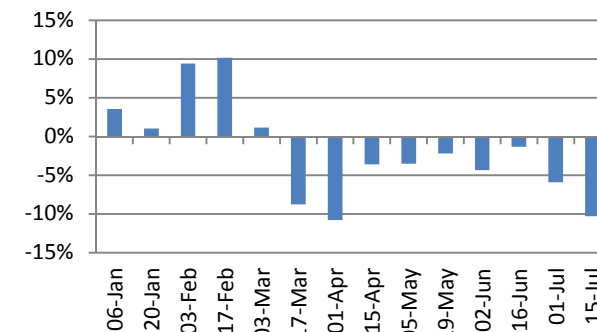
Source: US Dairy Export Council

Figure 15: Monthly Irish Farm Milk Prices



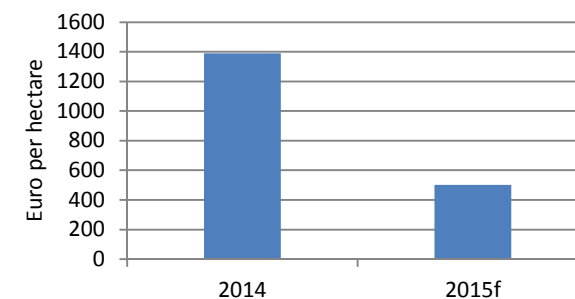
Source: CSO

Figure 16: GDT Auction Index Price movements in 2015



Source: GDT

Figure 17: Dairy Net Margin per hectare 2014 and forecast for 2015



Source: Teagasc Own Estimates

Beef Market

EU Supply		EU Demand		Beef Prices		Production		Input Costs		Farm Income	
Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook
 Positive	 Neutral	 Positive	 Positive	 Positive	 Positive	 Negative	 Negative	 Positive	 Positive	 Positive	 Positive
- EU beef production in the first half of 2015 has increased by 5%. - The higher production is due to a surge in the culling of dairy cows in some Member States. - For 2015 EU production is forecast to increase by 1.4%, reflecting recent increases in total EU cow numbers. - Growth in EU beef imports is forecast to be limited, both by strong world beef prices and the weak Euro.		- The slow improvement in EU demand for beef in 2014 is expected to continue in 2015. - In 2015 the growth will be driven by the improving EU economy and higher per capita incomes rather than by lower beef prices. - With the weak Euro forecast to persist through 2015, EU exports of beef and live cattle to markets in Turkey, the Middle East and North Africa in particular are expected to grow.		- To date average EU cattle prices in 2015 have improved over levels observed in 2014. - The strong performance of cattle prices reflects a tightening supply and use balance for beef on global and EU beef markets. - The weakness of the Euro against the pound sterling and a tight UK beef market has contributed to the strong rebound in Irish cattle prices. - Irish finished cattle prices are forecast to increase by 10% in 2015. Prices of calves and weanlings in 2015 have also increased strongly in 2015.		- In contrast to developments in EU beef production, Irish beef production in the first half of 2015 is estimated to be 4% lower. - The decline in production is forecast to continue through the second half of 2015. - The forecast decline in Irish beef production in 2015 follows the recent evolution of the Irish breeding cow herd. - For 2015 Irish beef production is forecast to decline by 8% compared to 2014.		- The direct costs of beef production are dominated by purchased feed and pasture costs. - In 2015 due to good grass availability, purchased feed volumes are not expected to increase. - For the year to date cattle feed and energy prices have been lower than in 2014. - Fertiliser prices have been marginally higher so far in 2015, though weaker energy prices are expected to be reflected in lower fertiliser prices over the rest of 2015.		- With higher prices at all points along the Irish beef supply chain (calves, weanlings and finished cattle), Irish cattle farm output value should be higher in 2015 than in 2014. - Family Farm Income on Cattle Finishing farms should increase by up to 20% on the very low levels in 2014. - Family Farm Income earned by cattle rearing farms should increase by up to 30% on the levels earned in 2014.	

Beef Market

EU beef production in the first half of 2015 is ahead of production levels in the first half of 2014. Total beef production is 5% higher than over the same period in 2014. This increase is largely due to a surge in cow slaughter in Q1 2015 in a number of Member States facing difficulties to remain within their milk quota. With the ending of the milk quota system in April 2015 the rate of cow slaughter has dropped and the high rate of slaughter in Q1 is not expected to persist through the rest of 2015.

EU beef production for the year as a whole is forecast to increase modestly, up to 1.4% compared to 2014, on the back of growth in overall cow numbers that was observed in 2013.

Growth in EU imports of beef is not expected to add dramatically to the total supply of beef on the EU market. Tight global beef markets, due to reduced levels of supply from countries such as the US and Brazil, and stable global demand for beef, has been reflected in high world price levels (See Figure 18). The weakening of the Euro against the US Dollar has also reduced the attractiveness of the EU as an export destination. As a result EU imports of beef are forecast to be largely unchanged on their 2014 level.

Through 2015 better economic growth rates across the EU are expected to drive the slow improvement in the demand for beef that began in 2014. In 2014 the increase in total EU domestic use of beef was driven by lower prices, whereas in 2015 income growth is expected to be the driver of higher levels of consumption.

Despite increased beef supply, average EU finished young bull prices for the first half of 2015 have been marginally higher than in 2014. In Ireland and the UK prices are up significantly on the low levels experienced in 2014, with Irish and UK R3 steer prices 7% and 11% higher than in the 2014 (see Figure 19). With the UK accounting for half of Irish beef exports, the strengthening of demand for Irish beef in the UK and the weakening of the Euro against sterling have boosted Irish finished cattle prices as well as prices of calves and weanlings.

Irish beef production, in contrast to that in the EU, is down on the high levels observed in 2014. The different evolution of beef production in Ireland, as compared to the EU, reflects the different evolution of the Irish and EU breeding inventories in recent years. The very high levels of throughput in 2014 reflected the growth in cow inventories (particularly dairy cow inventories) that began in 2010 (See Figure 20). This year, the forecast 8% contraction in beef production reflects the lower levels of cow inventories in 2013 and 2014, as well as the high levels of calf and weanling exports in 2012, 2013 and 2014.

With stronger calf, weanling, store and finished cattle prices in 2015, Irish live cattle exports in 2015 have been significantly lower than in 2014. For the year to date, calf exports are 15% lower and weanling exports over 40% lower than in 2014. Lower levels of live exports in 2015, and increased calf crop as a result of growth in aggregate cow numbers, will in time be reflected in a recovery in Irish beef production in 2016 and 2017.

The direct costs of production on Irish cattle farms are dominated by purchased feed and pasture and forage

costs (with the latter costs dominated by fertiliser and energy related prices). For the year to date, grass availability on Irish cattle farms have been about average. As a result forage availability is not forecast to be a major driver of changes input expenditure on cattle farms in 2015. In 2015 Q1 aggregate sales of beef feed in Ireland are forecast to be 11% lower than in Q1 2014. With lower volumes of cattle being fed for slaughter in 2015, lower volumes of aggregate feed use are to be expected. Whether the lower aggregate feed use is reflected in similarly lower average use per hectare is less likely.

For the year to date, cattle feed and energy prices have been lower than in 2014, while fertiliser has been marginally higher. Weaker energy prices are expected to be reflected in lower fertiliser prices over the rest of 2015.

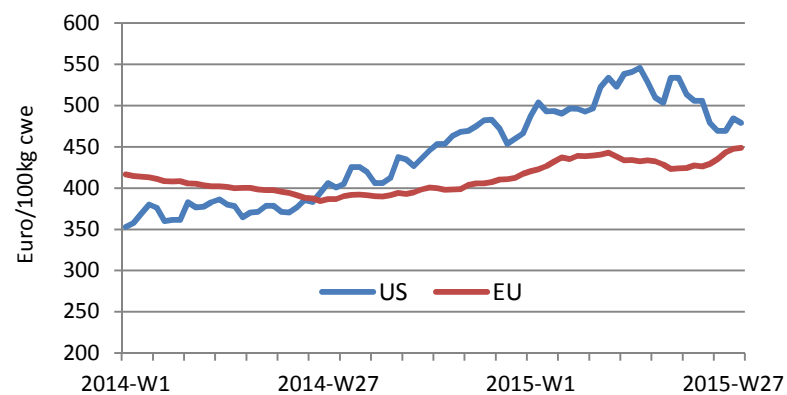
Largely stable input volumes, and somewhat lower prices for most inputs in 2015, are forecast to deliver largely stable costs of production on Irish cattle farms. Higher cattle prices and output value per hectare will be the key drivers of the forecast improvement in margins earned by Irish cattle farmers in 2015 (see Figure 21).

2014 was a particularly poor year for cattle finishers; despite the higher prices that will be paid for cattle purchased-in, higher finished cattle prices in 2015 should leave gross margins close to 20% higher than in 2014.

On cattle rearing farms margins should also improve over the levels earned in 2014 due to significantly higher calf, weanling and finished cattle prices. Gross margins on cattle rearing farms in 2015 are forecast to increase by up to 30% on those earned in 2014.

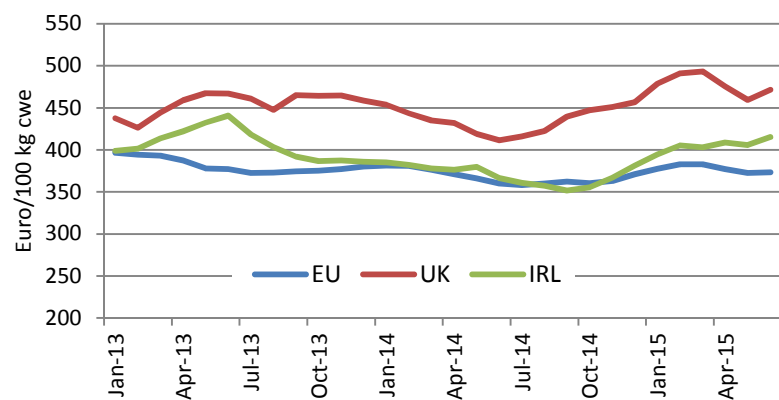
Beef Market

Figure 18: Weekly EU and World Steer Prices 2014-2015



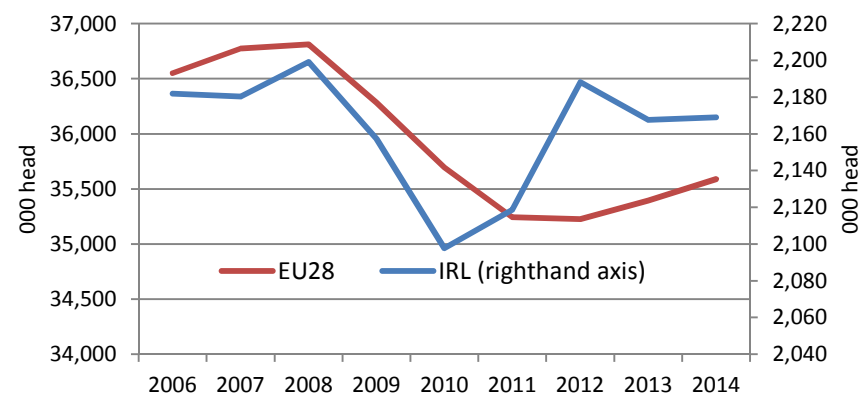
Source: Bord Bia and DG Agriculture and Rural Development

Figure 19: Monthly EU, UK and Irish Finished Cattle Prices 2013 to 2015



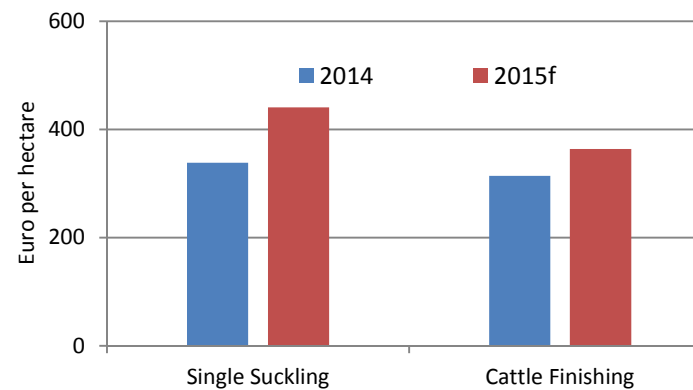
Source: DG Agriculture and Rural Development

Figure 20: Irish and EU cow inventories (December)



Source: Eurostat

Figure 21: Single Suckling and Cattle Finishing Gross Margin per hectare 2014 and forecast for 2015.



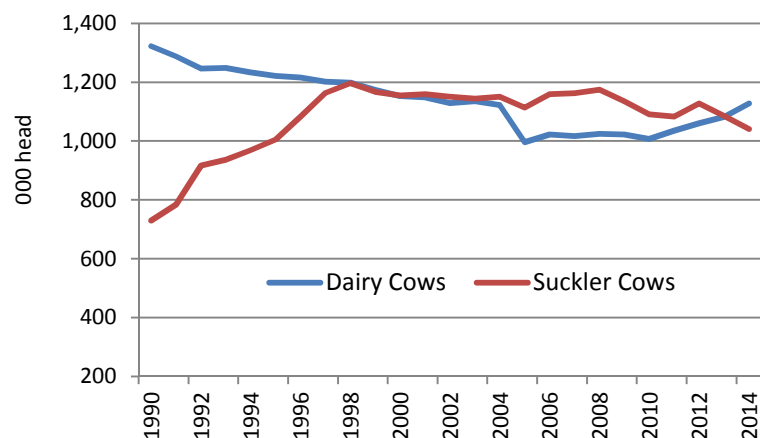
Source: Teagasc NFS and Own Estimates

Beef Market

Developments in dairy and suckler cow inventories are important both as indicators of likely future developments in beef and milk supply but also because of the key role played by bovines in GHG emissions from Irish agriculture.

In Figure 22 the developments over the last 25 years in dairy and suckler cow inventories are presented. In recent years the small decline in Irish suckler cow numbers has been more or less matched by increases in dairy cow numbers to leave aggregate cow inventories largely stable at around 2.1 million cows. This pattern of offsetting developments in the dairy and suckler herds at an aggregate national level is one observed in the 1990s when suckler cow numbers expanded rapidly.

Figure 22: Long Term trends in Dairy and Suckler Cow Inventories (December)



Source: Eurostat

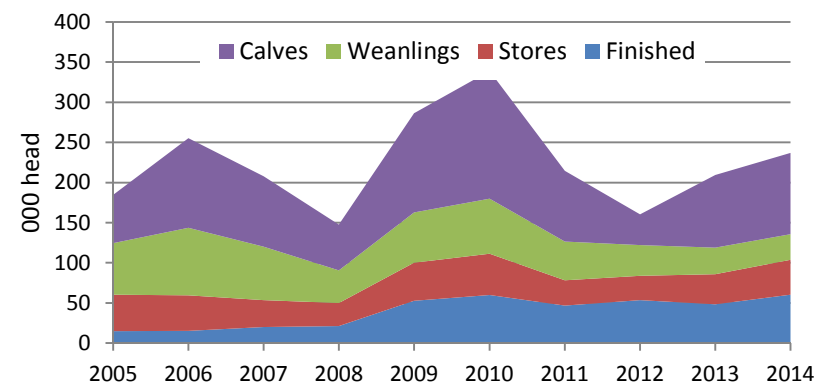
As noted earlier developments in the live exports of calves, weanlings and store animals affects the volume of cattle available for slaughter in the short to medium term. Much of the year to year variation in the total cattle slaughter in Ireland can be related to variation in live animal exports and changes in the composition of live exports over time.

The most volatile component of Irish live cattle exports are calf exports. In the last 10 years the volume of calves exported has varied from almost 160 thousand head in 2010 to

less than 40 thousand head in 2012. As Figure 24 shows to date live exports of are significantly lower in 2015 than in 2014. With most calf exports occurring during the spring calving season, calf exports for the year are largely complete.

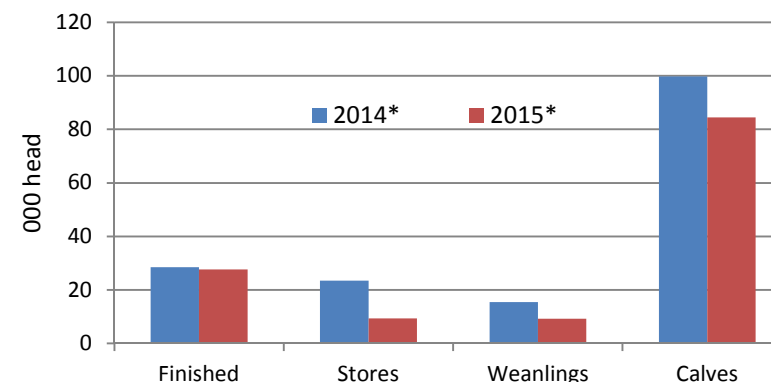
The increased numbers of calves retained in Ireland as a result of lower live exports and increased cow inventories will be reflected in increases in the volume of cattle available for slaughter in 2016 and 2017.

Figure 23 Irish Live Cattle Exports 2005-2014



Source: Bord Bia

Figure 24 Irish Live Cattle Exports Year to Date 2014 and 2015



Source: Bord Bia

Sheep Market

EU Supply		EU Demand		Lamb Prices		Production		Input Costs		Farm Income	
Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook
											
Negative	Negative	Positive	Positive	Positive	Positive	Positive	Positive	Positive	Positive	Positive	Positive
- The EU production of sheep meat for the year to date is 2% higher than in 2015 - Over the year as a whole EU sheep meat production is forecast to remain 2% ahead of the level produced in 2014 - In 2015 EU imports of lamb (primarily from New Zealand) are forecast to increase only marginally over levels imported in 2014. The NZ lamb Tariff Rate Quota, as in 2014, is expected to once again not be filled.		- Despite lamb prices that increased in 2014 improved economic conditions on average in the Eurozone and the UK are considered to have led to increased consumption of sheep meat in the EU. - Weak economic growth in Southern Europe has held back demand for light lamb. - In 2015 the aggregate demand for sheep meat in the EU is forecast to increase driven by improved economic growth in the Eurozone and EU heavy lamb prices that are likely to be close to levels observed in 2014		- Prices in EU heavy lamb markets have steadily improved since 2008. - In 2015 the weakness of the Euro, particularly against the Pound Sterling, is providing a boost to Irish lamb prices. - The stronger Pound reduces the competitiveness of UK exports on these markets and increases the Euro value of exports to the UK. - To date in 2015 Irish lamb prices are 3.5% higher than in 2014. - With the seasonal reduction in lamb prices underway prices for the year as a whole are forecast to be marginally higher than in 2014.		- Irish lamb production for the year to date is marginally higher than in 2014. - Strong increases in the supply of spring lambs (+15%) have been offset by much reduced ewe slaughter (-15%). - The increase in lamb supply reflects the recent stability in ewe numbers and improved lambing conditions in 2015. - The higher volume of lamb deliveries is expected to continue through the remainder of 2015.		- Direct costs of production on Irish sheep farmers are dominated by concentrate costs and pasture and forage costs. - With average to above average weather in 2015 forage availability is not expected to be a driver of increased input expenditure - For the year to date sheep feed and energy prices have been lower than in 2014. - Weaker energy prices over the remainder of 2015 are expected to be reflected in lower fertiliser prices for the year as a whole.		- With marginally higher lamb prices and stable costs of production, margins earned from sheep production in 2015 should improve compared to 2014. - Gross margins per hectare on the mid-season lowland lamb enterprises are forecast to increase by 8%.	

Sheep Market

The EU production of sheep meat in 2015 is 2% higher than in the first half of 2014. This increase in production of sheep meat has been largely driven by increases in production in the UK, Ireland and Italy that have been sufficient to offset lower levels of production in France and other Member States.

Over the whole of 2015 EU sheep meat production is forecast to increase by almost 2% higher driven by relatively high lamb prices, and by higher breeding ewe numbers and good lambing conditions in the UK which has the largest ewe flock in the EU (See Figure 25).

In 2015 EU imports of lamb (primarily from New Zealand) are forecast to increase marginally over the levels imported in 2014. However, as in 2014, the EU – New Zealand lamb Tariff Rate Quota (TRQ) is expected to remain under-filled.

Overall supply of sheep meat in the EU in 2015 should be marginally higher than in 2014 with both production and imports of lamb increasing.

Despite heavy lamb prices that increased in 2014 improved economic conditions on average in the Eurozone and the UK are considered to have led to increased consumption of sheep meat in the EU. The continuing macroeconomic crisis in Greece and weak economic growth in Southern Europe has held back demand for light lamb and the positive performance of heavy lamb markets stands in contrast to the lacklustre light lamb market prices.

In 2015 the aggregate demand for sheep meat in the EU is forecast to increase, driven by improved economic growth in the Eurozone and EU heavy lamb prices that are

likely to be close to levels observed in 2014. Prices in EU heavy lamb markets have steadily improved since 2008 (see Figure 26). The upward trend in prices reflects developments in broader meat markets, in costs of production and lower levels of sheep meat imports.

In 2015 the weakness of the Euro, particularly against the pound sterling, is providing a boost to Irish lamb prices. Ireland and the UK are the principal external suppliers of lamb to the French and other continental lamb markets and the stronger Pound Sterling in the year to date reduced the competitiveness of UK exports. The current weakness of the Euro against the pound sterling is forecast to continue for the remainder of 2015 and this factor will boost the Euro value lamb exports to the UK and augment the price competitiveness of Irish lamb versus UK lamb on the French market.

For the year to date Irish lamb prices are 3.5% higher than in 2014 (see Figure 27). With the seasonal reduction in lamb prices currently underway, prices for the year as a whole are forecast to be marginally higher than in 2014.

Irish lamb production for the year to date is slightly higher for the first half of the year when compared with 2014. Strong increases in the supply of spring lambs (+15%) have so far in 2015 been offset by much reduced ewe slaughter (-15%). The increase in lamb supply reflects the recent stability in ewe numbers and improved lambing conditions in 2015. The higher volume of lamb deliveries is expected to continue through the remainder of 2015.

Whether ewe slaughter remains at the low levels observed to date is not as clear and depends on farmer expectations for prices in 2016 and beyond. The lower

volume of ewe slaughter would suggest that Irish farmers are planning on expanding or at least maintaining current ewe numbers. However, the key months for ewe slaughter are in the second half of the year and a reversal of the trend in ewe slaughter evident to date in 2015 could yet emerge in the late summer/autumn and lead to less optimism concerning future ewe numbers and lamb production potential for 2016.

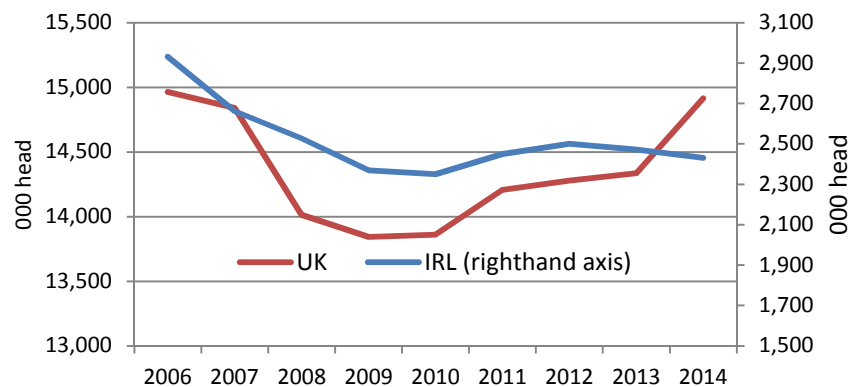
Direct costs of production on Irish sheep farmers are dominated by concentrate costs and pasture and forage costs. Average to above average weather in 2015 has meant that farmers have not had to increase volumes of purchased feed. In 2015 forage availability is not expected to be a driver of increased input expenditure. For the year to date sheep feed and energy prices have been lower than in 2014. Though fertiliser prices have been marginally higher, weaker energy prices over the remainder of 2015 are expected to be reflected in lower fertiliser prices for the year as a whole.

The on-going weakness of the Euro will help sustain Irish lamb prices when denominated in Euro. Good lambing conditions in the winter and spring of 2015 should lead to an increase in the volume of lamb produced per hectare. With stable costs of production and marginally higher lamb prices, gross margins earned on Irish sheep farms are forecast to improve in 2015. In 2015 the gross margin per hectare on mid-season lowland lamb enterprises is forecast to improve by 8% over the performance recorded in 2014 (See Figure 28).

With higher margins from other enterprises on sheep farms Family Farm income is forecast to increase by up to 13%.

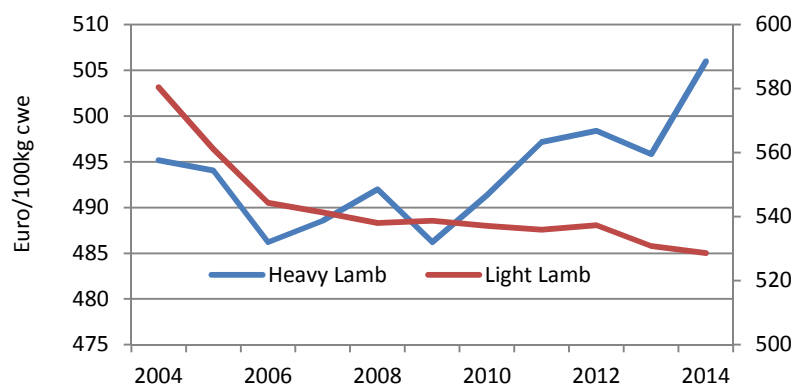
Sheep Market

Figure 25: UK and Irish ewe inventories (December)



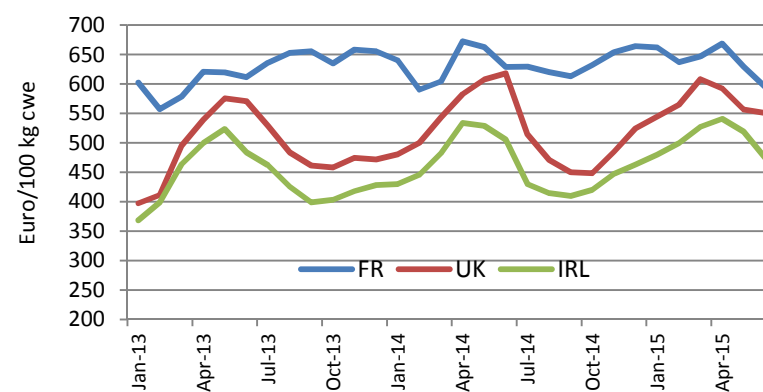
Source: Eurostat and DEFRA

Figure 26: Weekly EU Heavy and Light Lamb Annual Prices 2004-2014



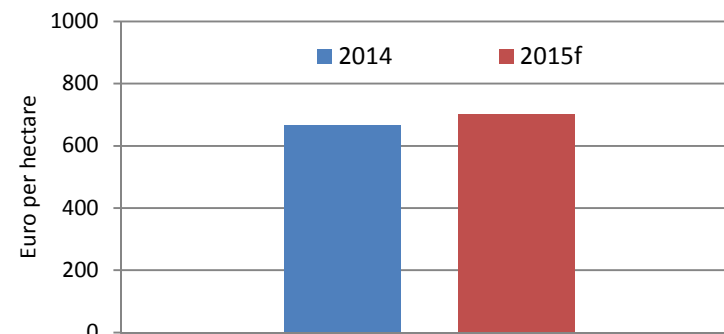
Source: DG Agriculture and Rural Development

Figure 27: French, UK and Irish Monthly Finished Lamb Prices



Source: DG Agriculture and Rural Development

Figure 28: Mid-Season Lowland Lamb Gross Margin per hectare



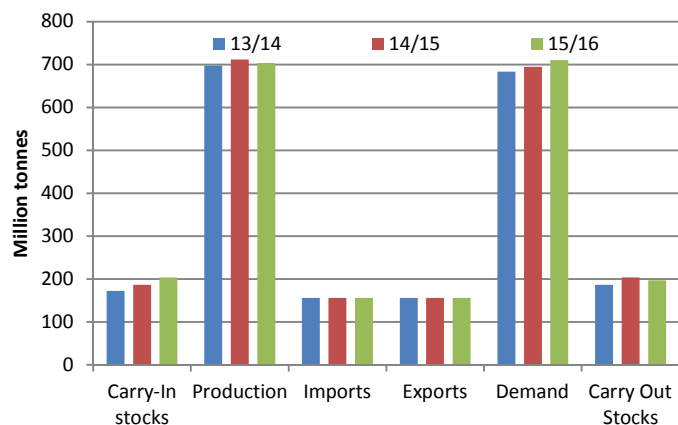
Source: Teagasc NFS and Own Estimates

Tillage Market

Wheat Market		Barley Market		Prices		Production		Input Costs		Farm Income	
Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook	Situation	Outlook
 Positive	 Neutral	 Positive	 Positive	 Positive	 Positive	 Positive		 Positive	 Positive	 Neutral	 Neutral
- EU wheat production in 2015/2016 is expected to be about 140.9 Mt, some 8.4 Mt less than in 2014/15. - EU human/industrial demand is expected to increase by 0.2Mt in 2015/15, but animal feed demand is forecast to be lower than 2014/15. - World wheat production in 2015/16 is expected to be 704Mt, which is 8Mt less than in 2014/15. Demand is to increase sharply, up almost 16Mt on 2014/15. - Based on supply and demand factors for wheat, world ending stocks are expected to be 7Mt less in 2015/16 compared to 2014/15.		- EU Winter barley production is expected to increase in 2015/16, with spring production forecast to decline. - Aggregate EU barley production is set to decline by 2.6 Mt compared to the previous year. - EU barley demand is expected to decline due to biofuels demand and high prices. - World barley supply is forecast at 139.6Mt which is 0.7Mt less than 2014/15. World demand is expected to be higher this year, standing at 142.4 Mt, due to human and industrial sourced demand. - World ending stocks are forecast to be approx. 21.3Mt in 2015/16, down 0.7 Mt from 2014/15.		- July futures are indicating a slight 2015 harvest price increase, over 2014 levels. - But market reports are warning of where wheat carry out stocks are held which could have a negative effect on potential price increases for the wheat marketing year as a whole. - Spot wheat prices are varying depending on the day and location but are generally lower in July relative to June, when concern rose about weather factors internationally. - Particular unknowns for the latter part of the year include: the Russian export tax, Chinese demand and the potential of an EL Nino effect in Australia.		- Data show that winter wheat and spring barley areas have decreased, but winter barley and spring beans, increased substantially. - It is too early to accurately forecast 2015 yields, but it will be difficult to match the record 2014 yields. - Early indications describe Winter crops as good, with some excellent potential apparent. Spring barley appears to be the crop that could suffer due to Spring growing conditions.		- In 2015 there has been no change in crop protection costs. - Energy costs declined by about 10% and seed costs declined by about 7% in 2015. - There was a slight upward movement in fertiliser prices, but only very slight at about 1%. - Anecdotal evidence suggests that land rental prices have increased, - Lower energy prices should have benefited a number of overhead costs. - Overall, 2015 has produced little inflationary pressure in total costs on tillage farms.		- With slightly higher harvest prices for cereals, and little change in yields, cereal output value should be relatively similar in 2015. - Overall costs in 2015 will not be much changed, with higher fertiliser spending being offset by reductions in other cost items. - Average income on tillage farms in 2015 is expected to be close to the 2014 figure of €29,000. However, this stable income forecast is contingent on yields and prices attained at and after harvest time.	

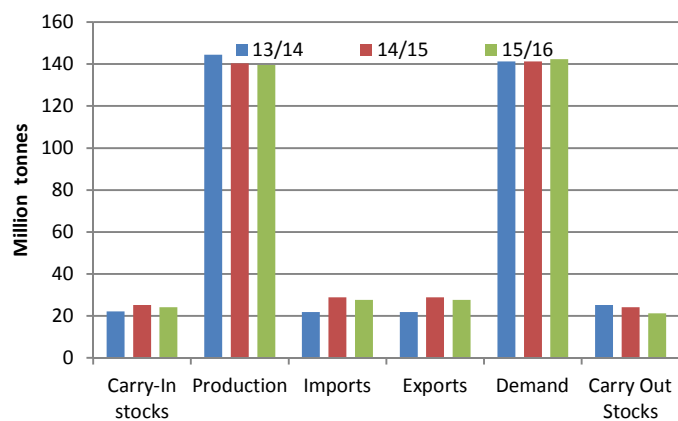
Tillage Market

Figure 29: World wheat balance from main exporting countries (Mt)



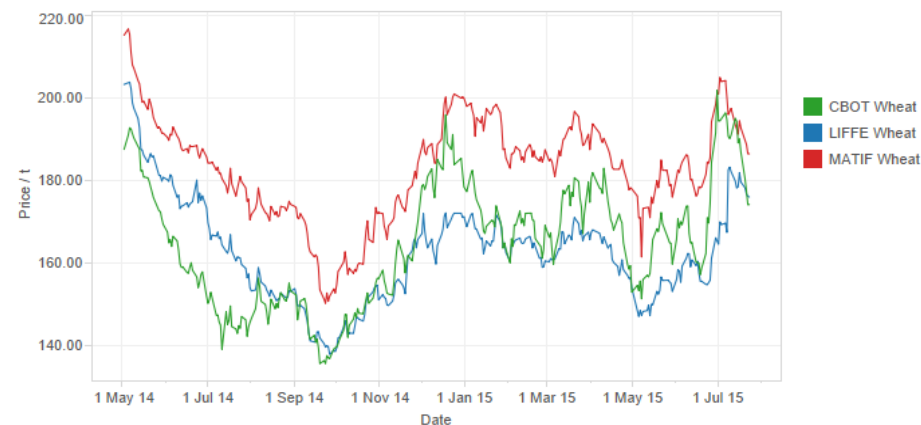
Source: Strategie Grains

Figure 30: World barley balance sheet (Mt)



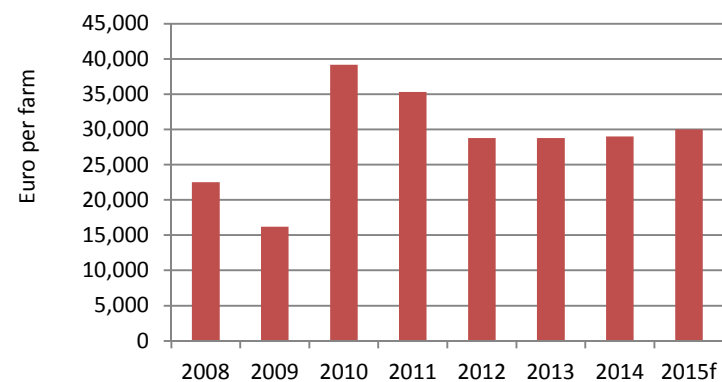
Source: Strategie Grains

Figure 31: Nearby Futures Prices – May 2014 – July 2015 (€ per tonne)



Source: HGCA

Figure 32: Average Irish tillage farm income



Source: Teagasc, National Farm Survey and author's estimates

