

Outlook for Cattle

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2020 – A Challenging but Defining Year for Beef



1% increase in steer prices



11% increase in gross margin on cattle rearing



5% increase in Weanling prices



3% decrease in gross margin on cattle finishing



2.5% increase in Store prices



Average cattle enterprise earns negative net margin in 2020



2% decrease in total input costs



Importance of BEEP-S Payments

- On Cattle Rearing farms, a reward of €44 per hectare is estimated for 2020
- Action 1 is Mandatory - Payment to weigh each Cow-Calf pairing
 - €50 to weigh first ten Cow-Calf pairings before weaning
 - €40 for other Cow-Calf pairings up to 100 calves

Options within BEEP-S

- **Action 2 - Payment of €30 per Cow-Calf pairing**
 - Meal-feeding around weaning time or
 - Vaccination for respiratory diseases
- **Action 3 – Payment of €10 per Cow-Calf pairing**
 - Target Liver Fluke - Faecal egg testing of suckler cows

Importance of BFP Payments

Category	Payments capped at	Payment rate per head	Total Available €	Actual Spend €
Finished Animals	First 100 animals per herd	€100	€50mn	€46.6mn

Source: DAFM

Cattle Rearing – Margins are Up in 2020

Gross
Output

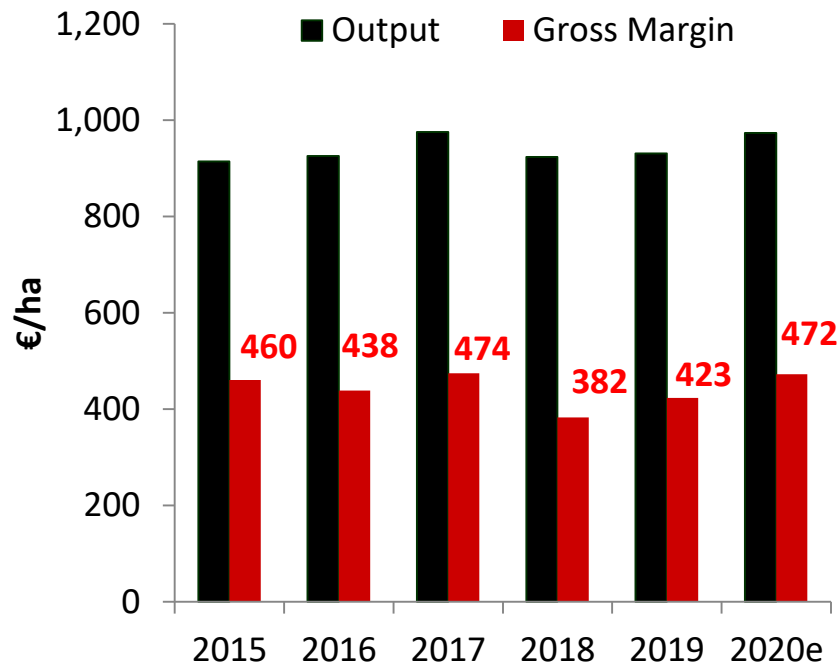
↑ 4%

Gross
Margin

↑ 11%



- Average Net Margin per hectare
 - -€85 in 2019
 - -€28 in 2020



Average Output & Margin 2015-2019, 2020 estimate

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

Cattle Finishing – Review 2020

Gross
Output

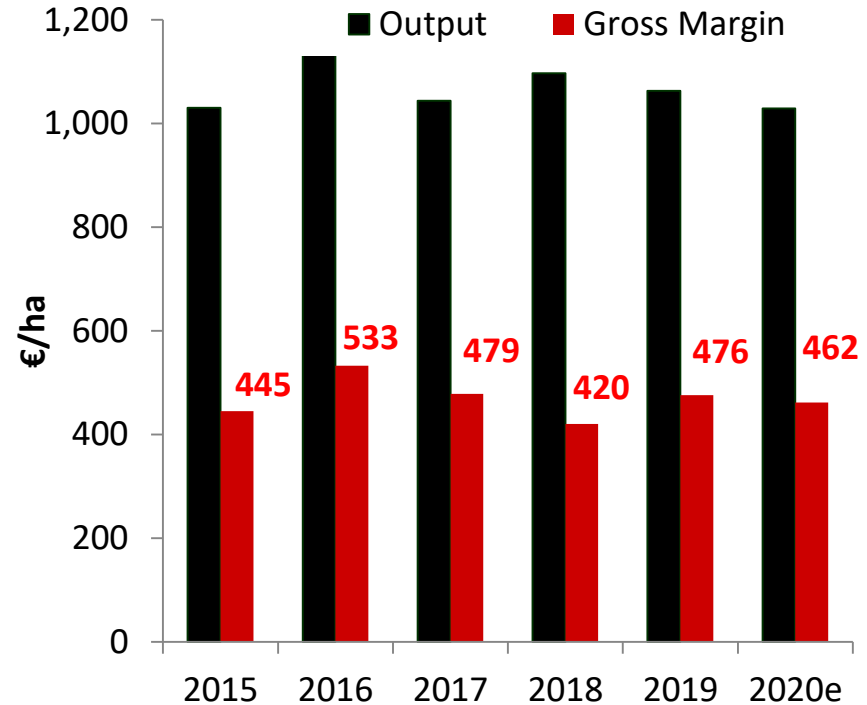
↓ 3%

Gross
Margin

↓ 3%



- Average Net Margin per hectare
 - -€36 in 2019
 - -€42 in 2020

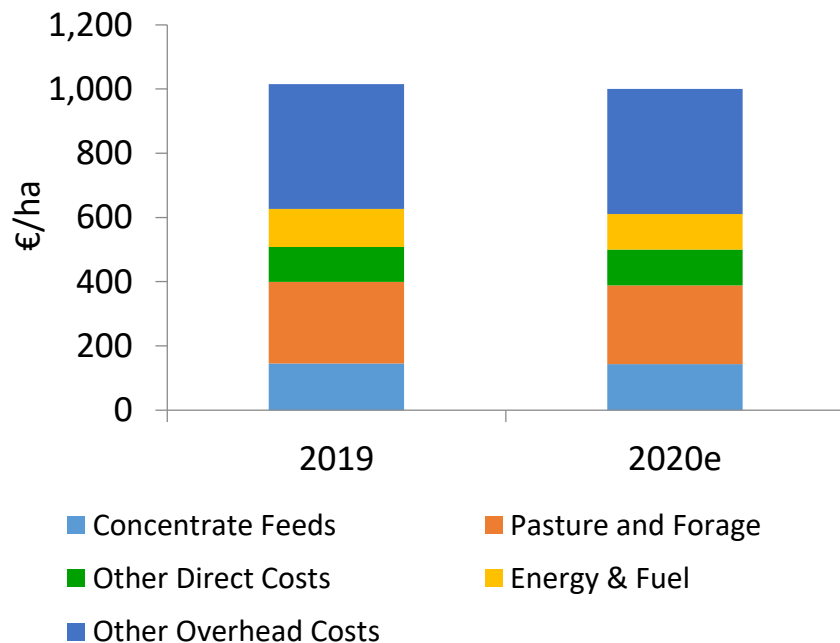


Average Output & Margin 2015-2019, 2020 estimate

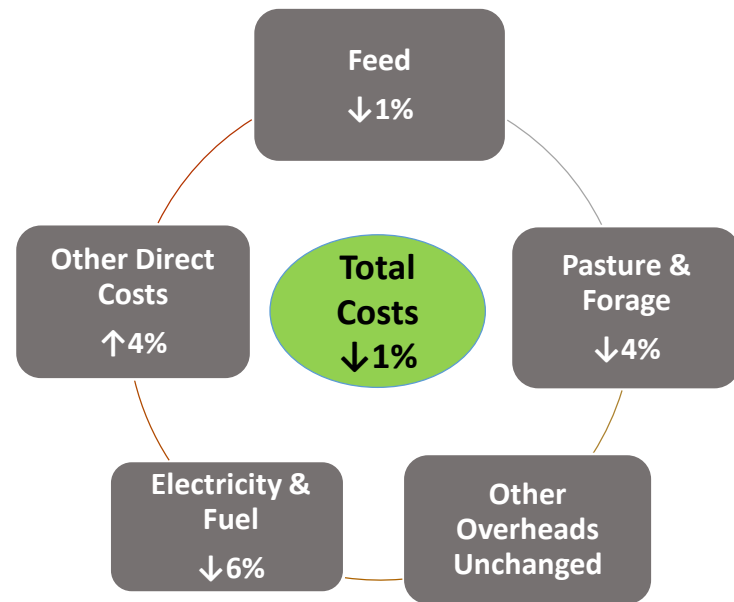
Source: Author's estimates using Teagasc National Farm Survey data

Input Expenditures Fall Slightly on Cattle Rearing farms in 2020

- Expenditure Levels 2019 and 2020

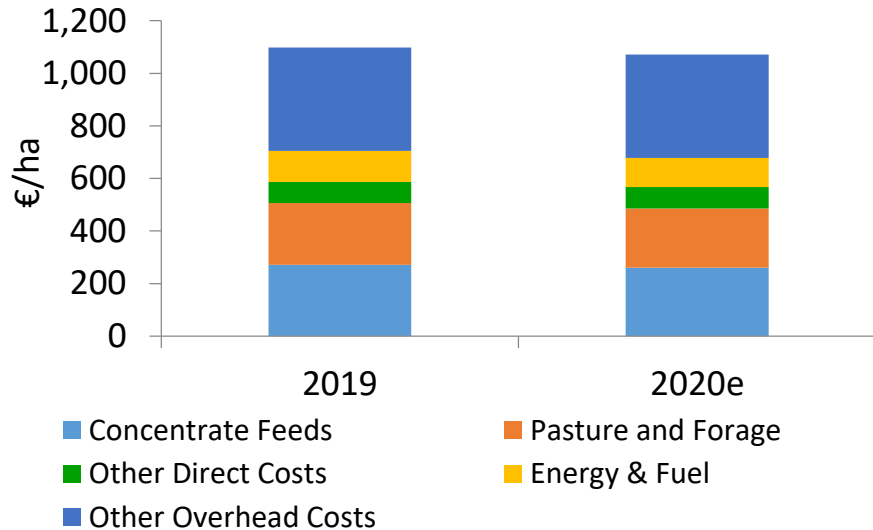


- Expenditure change in 2020

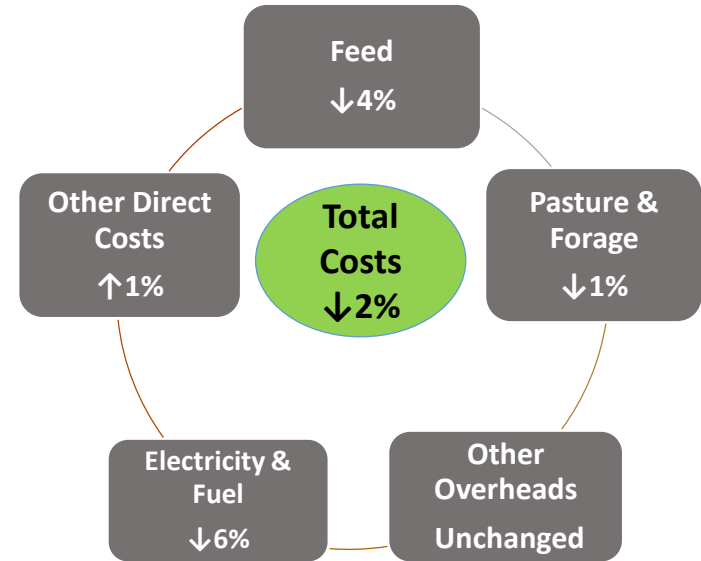


Input Expenditures fall on Cattle Finishing in 2020 due to Lower Feed and Fertiliser Spend

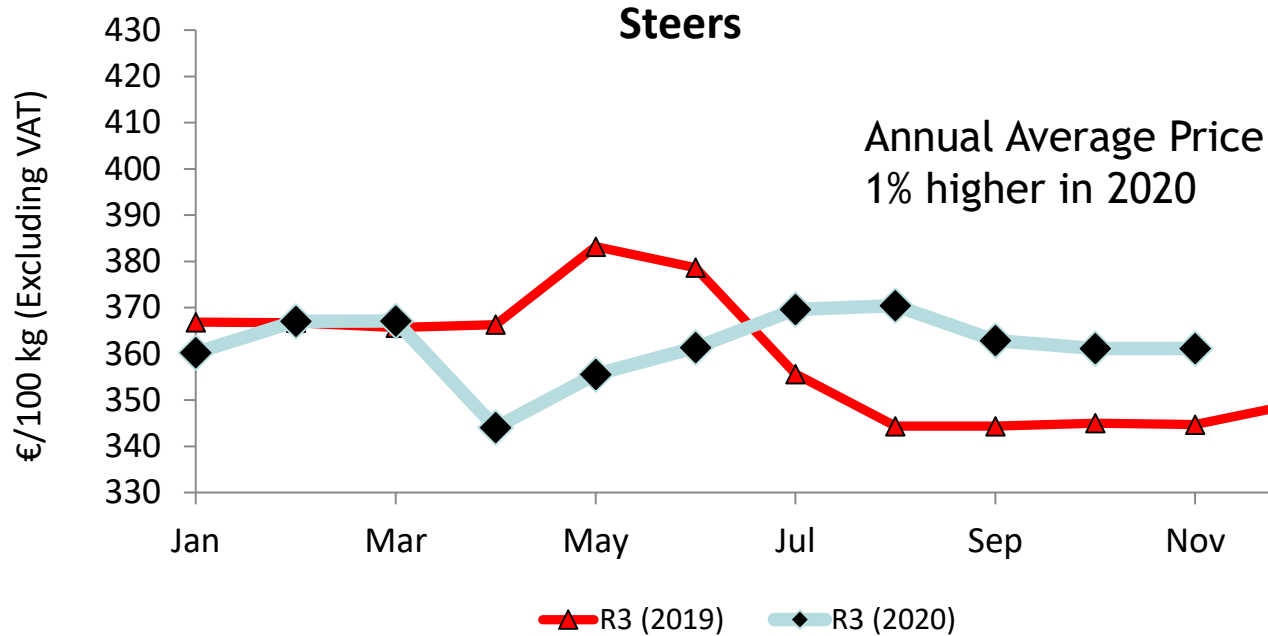
- Expenditure Levels in 2019 and 2020



- Expenditure change in 2020

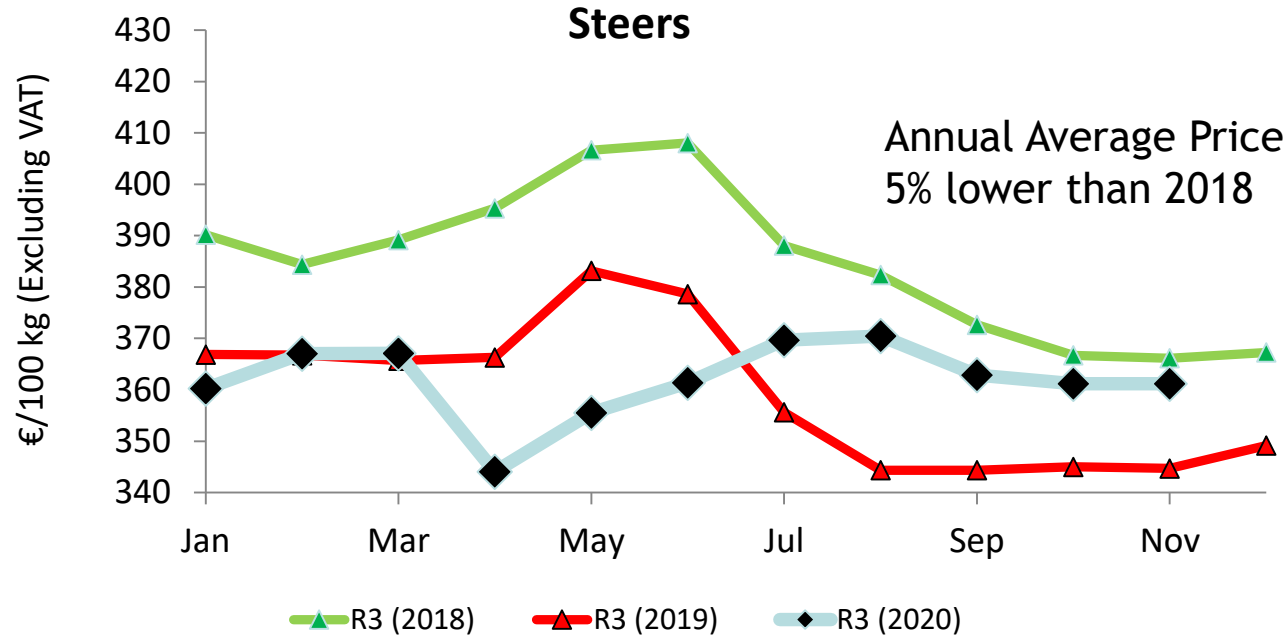


Irish Beef Prices are Volatile in 2020



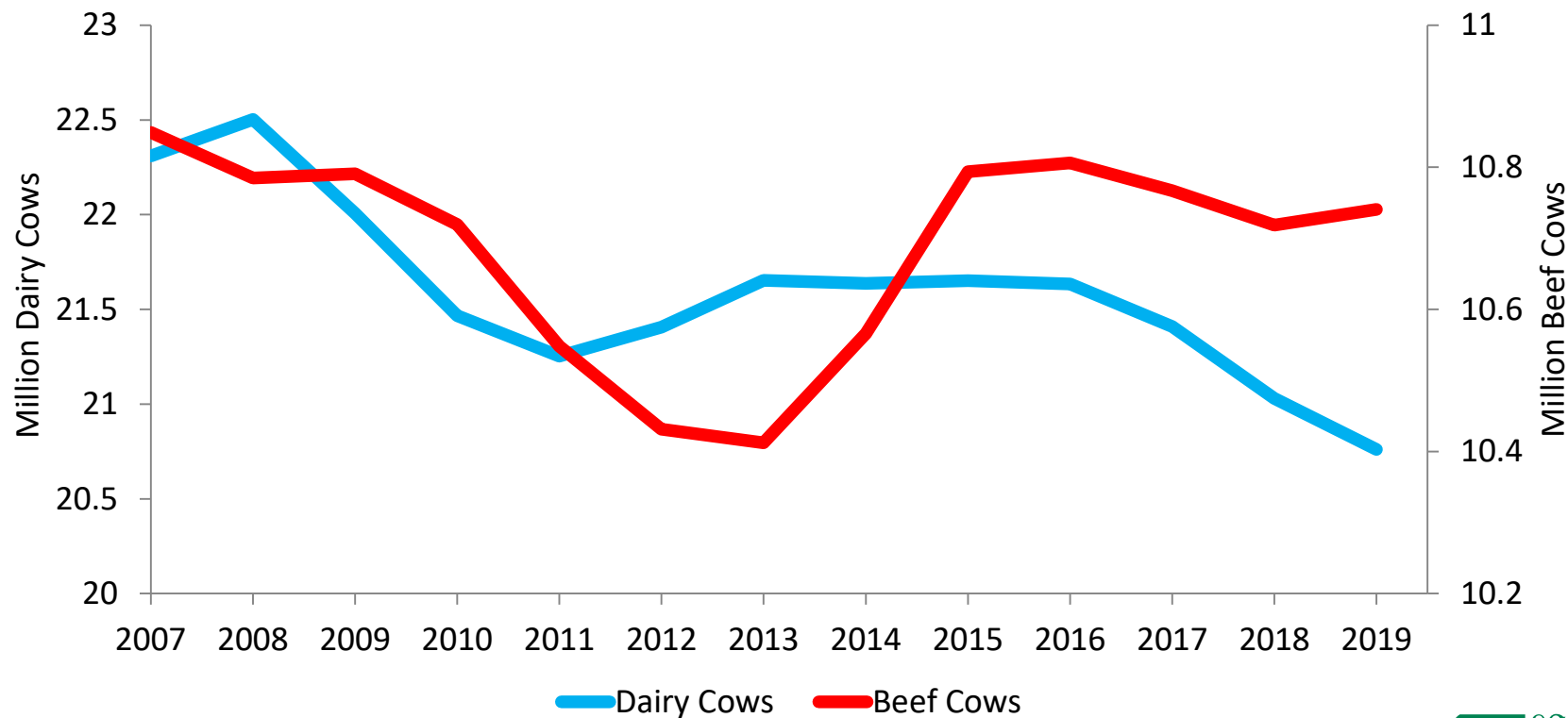
Source: European Commission

Irish Beef Prices are Volatile in 2020



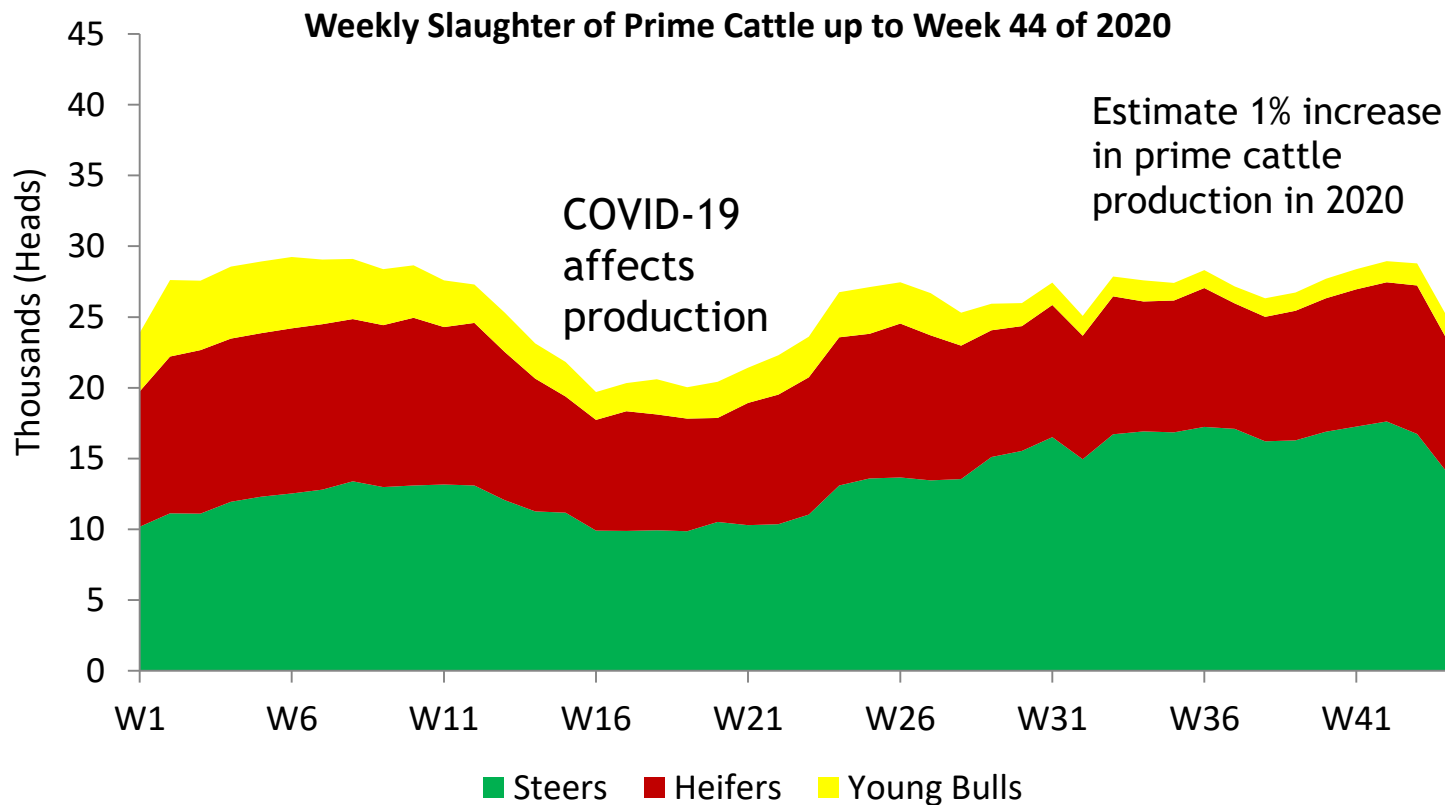
Source: European Commission

EU27 Dairy and Beef Cows 2007-2019



Source: Eurostat

Prime Cattle Production Volatile in 2020

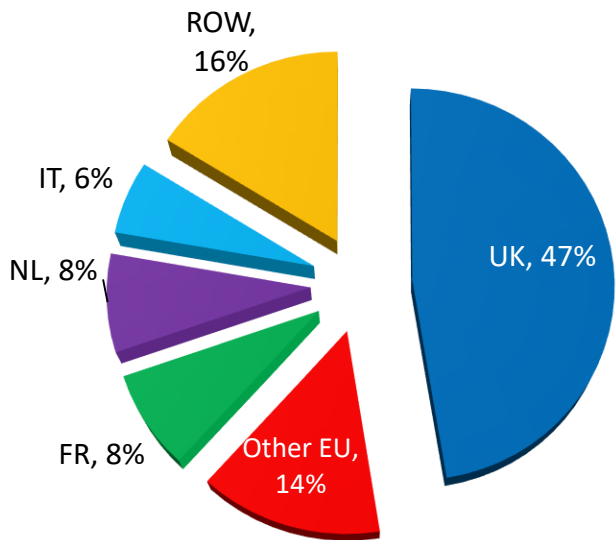


Source: Author's calculations using DAFM Weekly Meat Market Reports

Beef Exports to the Rest of the World higher in 2020

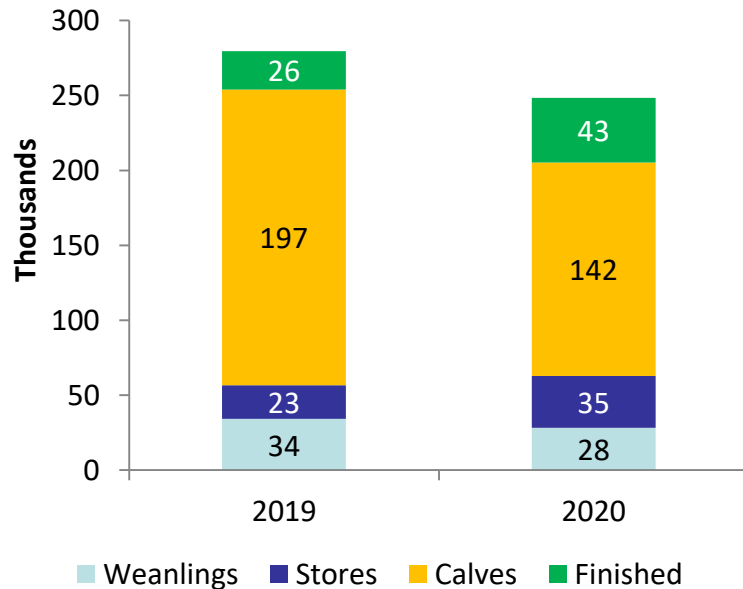
Live Exports are down in 2020

Beef Exports



Source: Eurostat COMEXT (year through September)

Live Exports



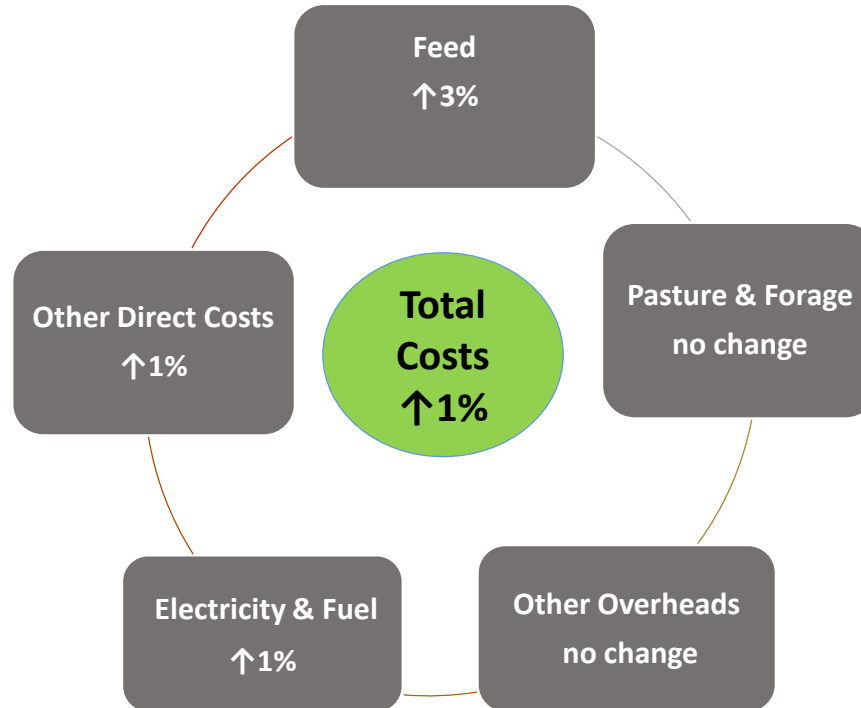
Source: Bord Bia (year to date)

Outlook for 2021

No Trade Deal Outcome Scenario



No Trade Deal Brexit: Input Expenditures increase slightly in 2021



2021 – No Trade Deal Reduces Beef prices



19% decrease in
steer prices



36% decrease in
gross margin on
cattle rearing



19% decrease in
Young cattle prices



41% decrease in
gross margin on
cattle finishing



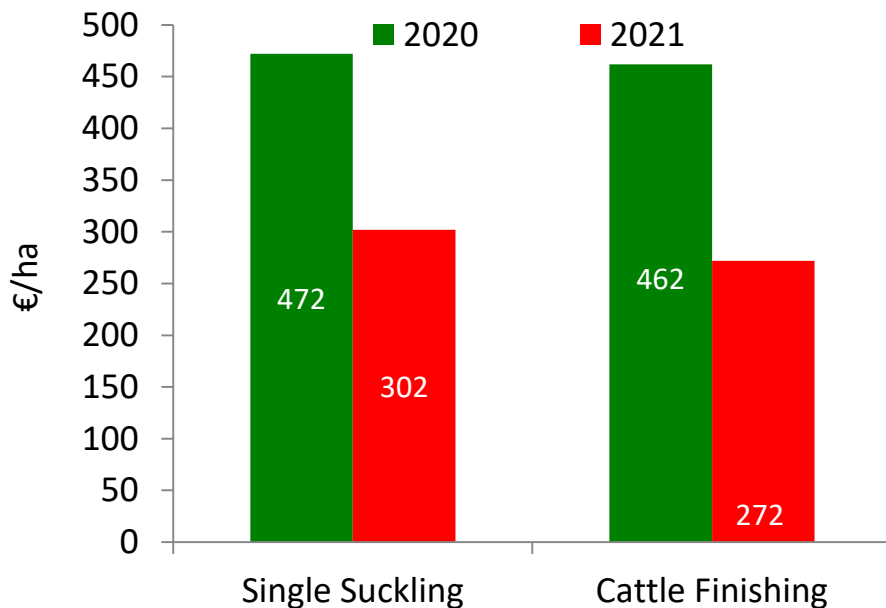
1% increase in total
input costs



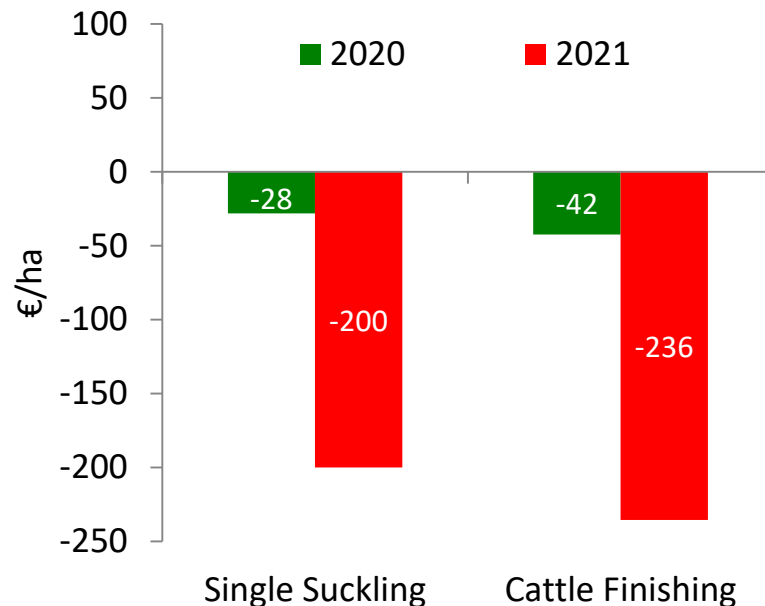
Average cattle enterprise
earns negative net
margin in 2021

No Trade Deal Reduces Average Margins in 2021

**Gross Margin per hectare forecast
Single Suckling and Cattle Finishing**



**Net Margin per hectare forecast
Single Suckling and Cattle Finishing**



Source: Authors' estimate for 2020 and forecast for 2021

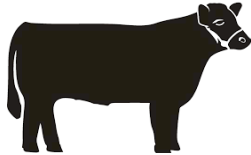
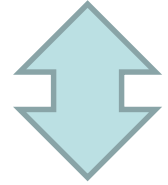
2021 – Trade Deal Brexit – Challenges Remain



COVID-19 limits demand in foodservice sector



Exchange Rates



Decrease in both UK and EU Beef Production



Non-Tariff Barriers to trade



No change in Domestic Beef production



Rise in the Export Share to the EU



Increase in Input Costs



Conclusion

2020

- COVID-19
- Average Cattle Rearing income up
- Average Cattle Other income unchanged
- Coupled Payments and higher young cattle prices

2021

- Significant Risk of No Trade Deal
- No Trade Deal – Incomes fall up to 40 percent (FAPRI Ireland Model)
- Thin Trade Deal – Costs still increase (Research ongoing)
- EU and UK production declines
- EU Export Share
- COVID-19

Thank You



