Teagasc National Farm Survey 2020

Mid-Season Lowland Lamb Enterprise Factsheet

Agricultural Economics and Farm Surveys Department,
Teagasc
Athenry
Co Galway
H65 R718
Ireland

Mid Season Lowland Lamb Factsheet
Average Performance 2020

Irish Sheep Slaughter
3.11 million head (up 2%)

Irish Lamb Slaughter
2.715 million head (up 3.4%)

Sheep Meat Exports
75,000 tonnes cwe (up 4%)

Irish Breeding Sheep
2.50 million (down 2.7%)

Lamb price
€517/100kg (up 12.4%)

Lamb Carcass kg per ha
down 6% on 2019 level

Total Production Costs
(Mid Season Lowland)
€136 per ewe (up 1%)
€1,022 per ha (no change)

Gross Margin
(Mid Season Lowland)
€601 per hectare (down 5%)

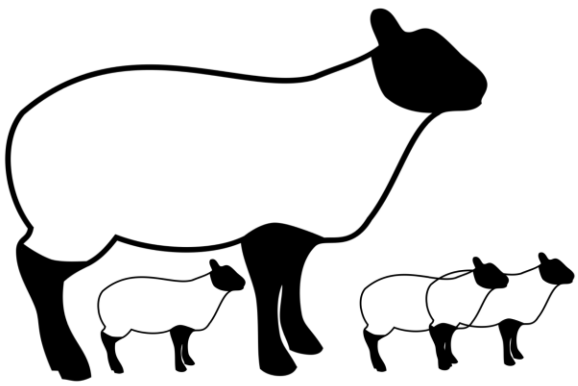
Net Margin
(Mid Season Lowland)
€114 per ewe (down 1%)

Stocking Rate
(Mid Season Lowland)
7.34 ewes/ha (down 5%)

Weaning Rate
(Mid Season Lowland)
1.39 lambs/ewe (up 1.6%)

Lamb Mortality
(Mid Season Lowland)
6% (down 1 percentage point)

Lambs Weaned/ ha
(Mid Season Lowland)
10.07 lambs/ha (down 6%)



Source: Teagasc National Farm Survey 2020 (Preliminary Results) and Central Statistics Office
Note: Percentage changes are relative to 2019

Background

The 2020 Teagasc National Farm Survey (NFS) recorded data on over 800 farms, representative of over 90,000 dairy, beef, sheep and tillage farms in Ireland. The full financial results for these farms are available in the Teagasc NFS 2020 Report, which is available at www.teagasc.ie/publications. This factsheet summarises results for farms with a mid-season lamb enterprise and only sheep farms with more than 20 ewes are included in the analysis. The data relates to 95 farms and is nationally representative of 11,175 farms.

1. Analysis of Financial Performance

The margin figures reported here exclude all decoupled payments and costs relating to family labour. Following a decline in sheep margins in 2019, a further reduction, albeit small, occurred in 2020. Gross output remained on par with 2019 year at €1,135 per hectare, with any gains in more favourable lamb prices eroded by 26% reduction in coupled payments. Concentrate feed expenditure increased by 5%, with pasture and forage and other direct costs also increasing, resulting in total direct costs increasing by 6%, to €534 per hectare in 2020. Overhead costs in 2020 were 6% lower, at €487 per hectare on average. Total production costs remained relatively constant year on year at €1,022. Overall, gross margin declined 5% in 2020, to €601 per hectare on average, while net margin in 2020 declined marginally to €114 per hectare.

Table 1: Average gross margin and net margin per hectare in 2019 and 2020: Mid-Season Lamb

	2019 € per hectare	2020 € per hectare	2020/2019 % change
Coupled payments	60	45	-26
Gross Output	**1,136**	**1,135**	**0**
Concentrate Costs	215	225	+5
Pasture and Forage Costs	142	148	+4
Other Direct Costs	148	161	+9
Total Direct Costs	505	534	+6
Gross Margin	**631**	**601**	**-5**
Energy and Fuel	128	107	-16
Other Fixed Costs	389	380	-2
Total Fixed Costs	**516**	**487**	-6
Net Margin	**115**	**114**	**-1**

Source: Teagasc National Farm Survey 2020

Table 2 presents the average gross and net margin per ewe for 2019 and 2020, reflecting an 18% increase in net margin per ewe in 2020 to €12 per ewe, up from €10 in 2019. This follows on from a 22% increase in 2018 year (€9 per ewe). Despite latest year on year increases, it still well short of a most favourable net margin of €23 per ewe in 2017 year.

Table 2: Average, gross and net margin per ewe in 2019 and 2020: Mid-Season Lamb

		2019	2020	2020/2019 % change
Gross Output	€ per ewe	**146**	**156**	**+7**
Total Direct Costs	€ per ewe	67	74	+11
Gross Margin	€ per ewe	**79**	**82**	**+4**
Total Fixed Costs	€ per ewe	69	70	+2
Net Margin	€ per ewe	**10**	**12**	**+18**

Source: Teagasc National Farm Survey 2020

2. Variation in Financial Performance

Table 3 summarises results for farms classified on the basis of gross margin per hectare; the best performing one-third of farms (Top), the middle one-third (Middle) and the poorest performing one-third (Bottom). Due to higher stocking and weaning rates, output on the Top farms is over two and a half times that on the Bottom performing farms. Interestingly, expenditure on feed directly related to the sheep enterprise are higher on the middle group when compared to the top group of farms. The superior efficiency and productivity performance of this top group in comparison to the other two groups results in a gross margin per hectare of €1,103, over five times higher on the top farms compared to the bottom group.

Table 3: Variation in output and profit: Top, Middle, Bottom thirds Mid-Season Lamb producers 2020

		Top	Middle	Bottom
Stocking rate	ewes per hectare	9.18	7.29	5.60
Weaning rate	lambs per ewe	1.52	1.34	1.31
Gross Output	€/hectare	1,712	1,052	651
Concentrates	€/hectare	217	272	185
Pasture and Forage	€/hectare	191	138	115
Other Direct Costs	€/hectare	200	143	142
Total Direct Costs	€/hectare	609	553	442
Gross Margin	**€/hectare**	**1,103**	**500**	**209**

Source: Teagasc National Farm Survey 2020

The proportion of farms achieving higher gross margins per hectare in 2020 declined marginally, with 28% of producers earning more than €750 per hectare. The proportion of farms in the €500-€750 per hectare category decreased by 10 percentage points, year on year. Higher forage costs and other direct costs impacted negatively on the gross margin distributions for 2020.

Table 4: Distribution of gross margin € per hectare: 2019 and 2020

Gross Margin	% of farms 2019	% of farms 2020
<300	19	22
300-500	25	33
500-750	27	17
750-1,000	9	13
>1,000	20	15

Source: Teagasc National Farm Survey 2020

3. Variation in Technical Performance

Table 5 presents a number of technical performance indicators for sheep producers. Stocking rate decreased by 5% from 2019 to 2020, while weaning rate increased slightly. A year on year dis-improvement in technical performance is reflected in the decrease in carcass output per hectare (following on from an increase in the previous year). The increase in physical output per hectare is one of key drivers of output but for 2020 year, it was not sufficient to increase gross output sufficiently, as reported in Table 1, as gross output per hectare, on average, declined by 1%.

Table 5: Technical performance indicators sheep farms in 2019 and 2020

Teagasc Road Map 2020 Target		2019	2020	2020/2019 % change
Stocking rate	ewes per hectare	7.73	7.34	-5
Weaning rate	lambs per ewe	1.37	1.39	+2
Lamb mortality	%	7	6	-19
Lambs weaned	No. lambs per hectare	11	10	-6
Lamb carcass weight	kg per hectare	214	201	-6

Source: Teagasc National Farm Survey 2020

The proportion of sheep farms attaining the Teagasc Sectoral Road Map targets for sheep production in 2025 is presented in Table 6. In line with the findings above, the proportion of sheep producers reporting a lamb mortality rate of less than 8% increased to 74% in 2020. In addition, 78% of farms reported more than 94% of ewes lambed, with this proportion reflecting a year on year decrease on 2019. The proportion of farms weaning more than 1.6 lambs per ewe in 2020 decreased by 1 percentage points, alongside a further 4 percentage point decrease in the share of farms reporting a stocking rate of at least 9 ewes per hectare.

Table 6: Percentage of farms achieving selected Teagasc 2025 Sheep Road Map Targets

	2019	2020
Lamb Mortality ≤ 8%	58	74
Ewes lambed ≥ 94%	83	78
Weaning rate: > 1.6	19	18
Stocking rate > 9 Ewes per hectare	27	23

Source: Teagasc National Farm Survey 2020

Table 7 illustrates the relatively small flock size across farms, with almost 60% of all flocks below 100 ewes in 2020. This cohort is responsible for over half of the lamb produced across farms, producing 53% of lamb in 2020. The previous years shift towards larger flock sizes (100-150 ewes), was somewhat reversed in 2020, down from almost 31% of flocks in 2019 to 27% of flocks in 2020. The percentage of lamb produced by this flock size category however increased slightly year on year to 29% in 2020, up from 27% in 2019. Just 15% of farms had flocks of more than 150 ewes in 2020, producing 18% of lamb. The equivalent figure in 2019 was 15% of flocks producing 19% of lamb.

Table 7: Distribution of flock size 2020

	% of flocks	% of lamb produced
<50	32	31
50-100	27	22
100-150	27	29
>150	15	18

Source: Teagasc National Farm Survey 2020

For further information on this publication or other Teagasc National Farm Survey Publications, please contact NFS@teagasc.ie