



Dairy Outlook 2021

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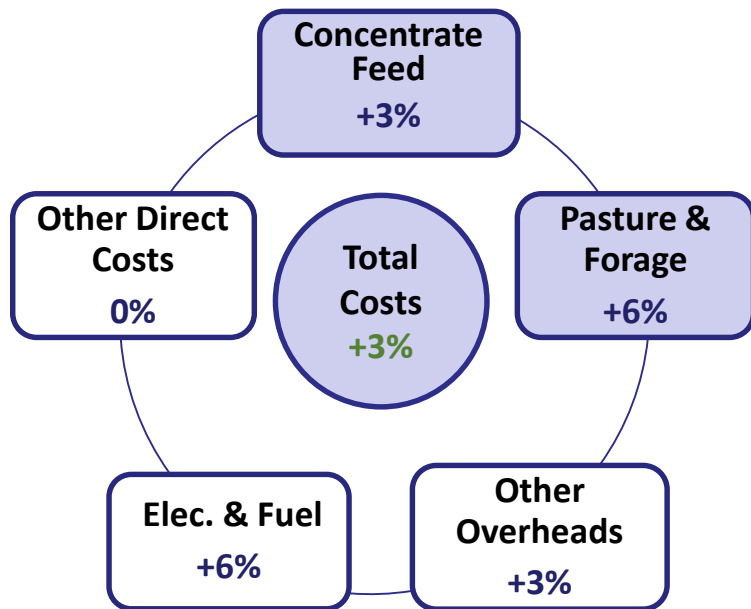
- Global dairy markets
 - Continuing **supply growth**
 - Matched by **demand growth** (assuming COVID-19 abates)
 - Relatively **stable international dairy price outlook**
- Irish dairy sector outlook
 - Production **volume forecast +3%**
 - Irish milk price outlook slightly positive
 - 35cpl (actual constituents vat incl.) in 2021
 - Production **costs to increase**

2021

Dairy input costs to rise in 2021

Costs per litre 2021f

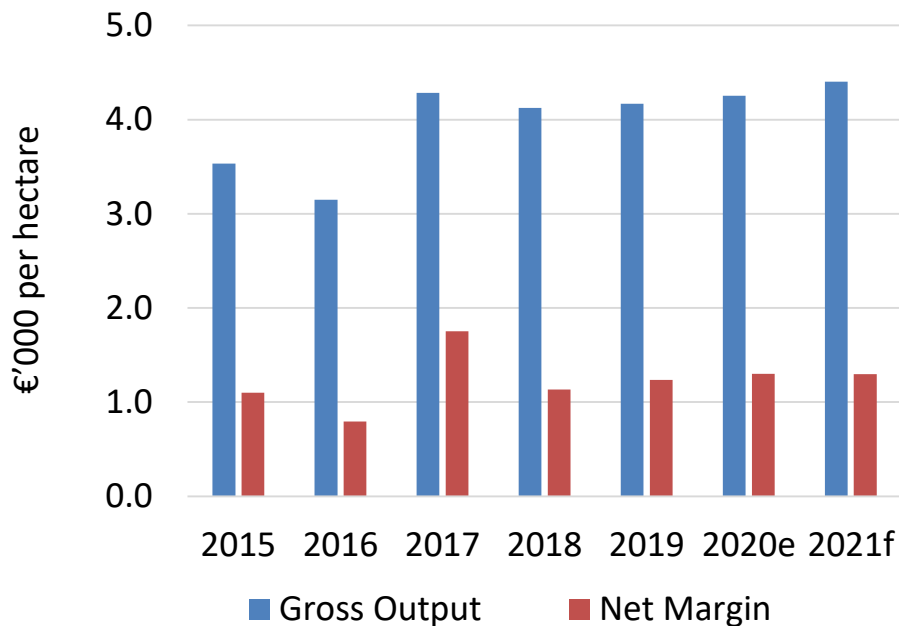
Expenditure change relative to 2020



- Feed Use per litre unchanged
 - but modest price rise anticipated
- Fertiliser
 - Price up 10%
 - Marginal increase in use
- Fuel prices up 7%
- Increase in overhead costs/litre

Net margin forecast for 2021

2021f Average net margin per ha. €1,300

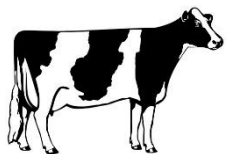


- Normal weather assumed
- Production to ↑ 3%
- Gross output per ha ↑ 4%
- Net margin per ha unchanged

2021 Dairy Summary



3% increase in milk production



3% increase in dairy cow population



Marginal rise in milk price (Brexit Deal)



3% increase in costs per litre (25.2c)



3% drop in net margin per litre (10.2 cpl)



No change in net margin per hectare



Summary

- **2020 remarkably uneventful** year for dairy in spite of COVID-19
 - Stable milk price – with COVID-19 price dip in Q2 offset by improvement later in year
 - **Fall in** key input **costs**
 - **Increase in net margin** and farm income
- **2021 - Brexit Deal provides a bit of certainty**
 - **Stable international dairy product price** environment
 - **Irish milk price up marginally and milk production to increase also**
 - Higher feed, fertiliser and fuel expenditure (due to higher prices)
 - **No change in net margin per ha and a 3% reduction per litre**