



AGRICULTURE AND FOOD DEVELOPMENT AUTHORITY





Revised 2021 Outlook Inputs and Crops

Fiona Thorne

Outlook 2021 - Revised Forecast (February 2021)
22nd February 2021



Revised 2021 Inputs Outlook





Inputs 2021 (Upward price pressure)



Fertiliser



Price

+ 10 %

Volume

Mostly no
change



Fuel



Price

+ 7%

at farm gate



Electricity

Price

No change at
the farm gate



Feed



Price

+ 3%

Volume

No change



Total Costs



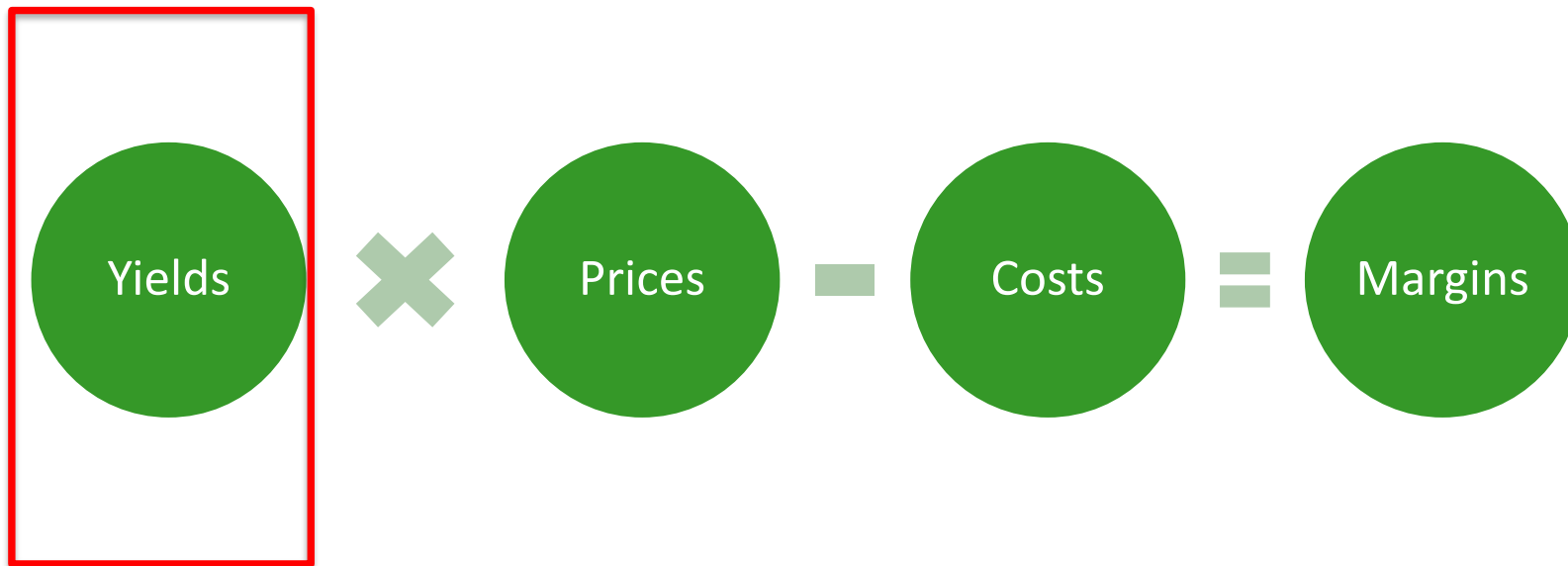
Small
increases
but sector
specific

Crops Outlook





2021 – The Calculations



2021 Production To Increase

■ Decrease in stock/use ratios internationally in 2020

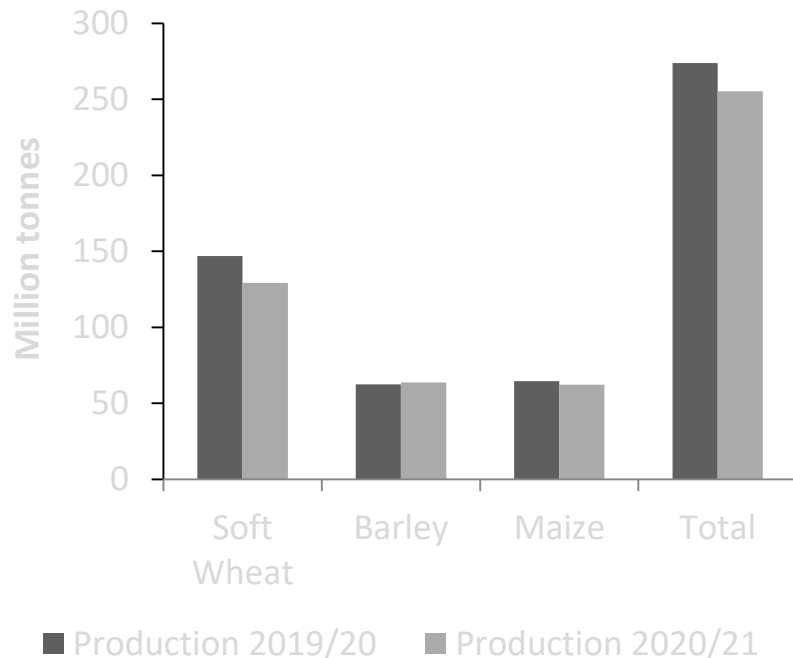
- Decrease EU wheat production
- 7 percent decrease in EU grains
- Decrease in EU stocks of wheat and maize
- Increase in wheat and barley prices



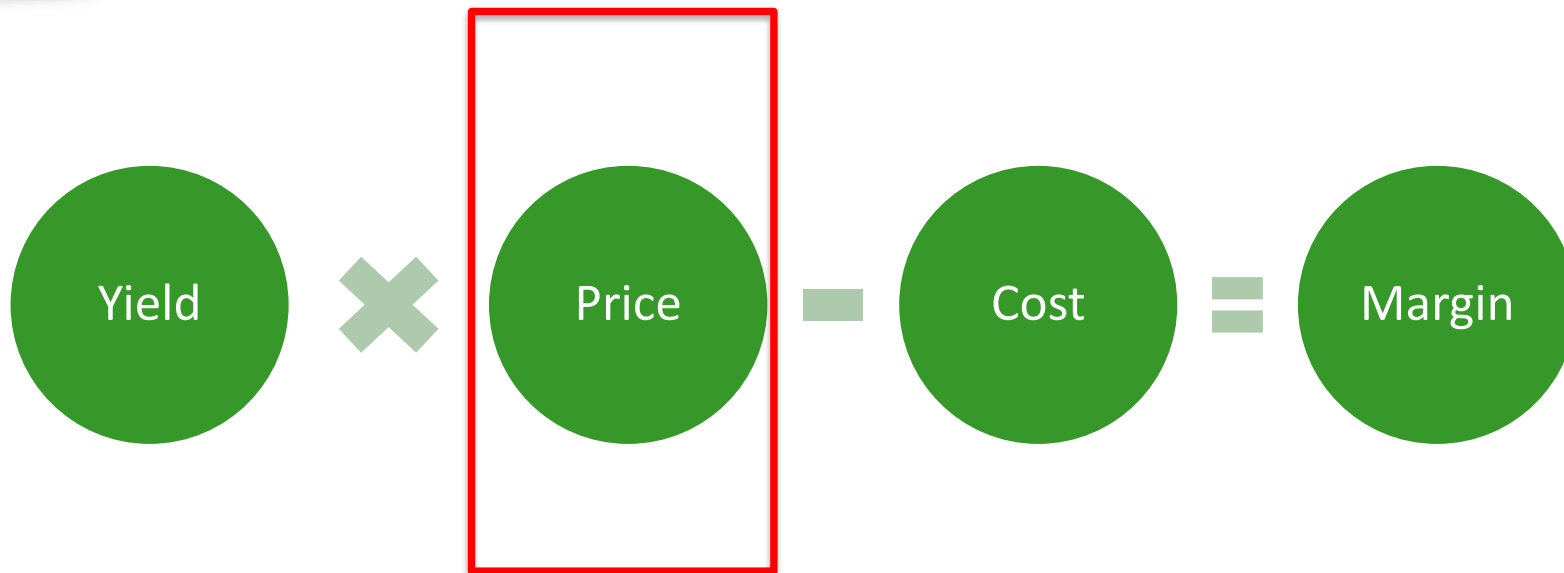
■ Will '20 global harvest be replicated in '21?

- Increase in winter plantings EU
- Return to trend yield in 2021, higher yield potential

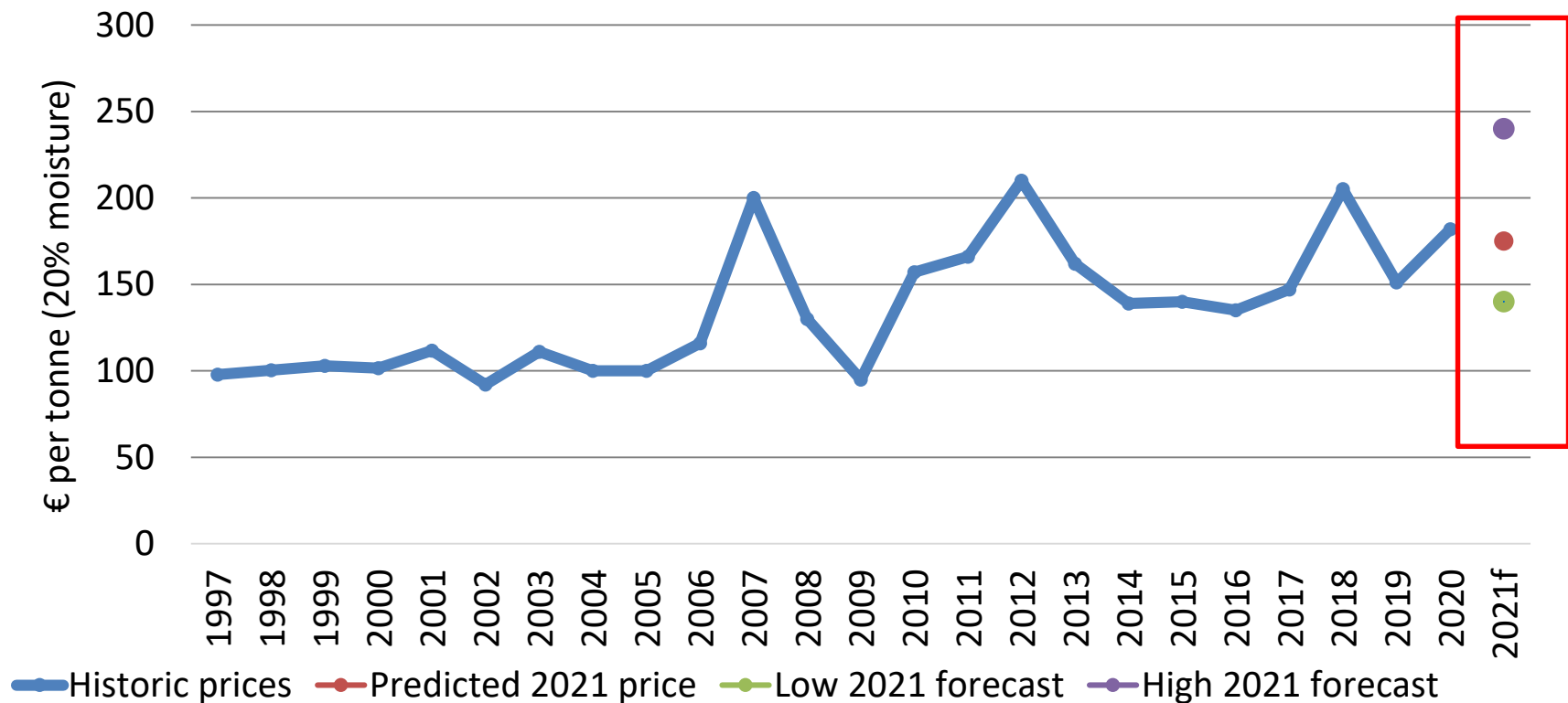
Decrease in EU production and stocks of grain in 2020



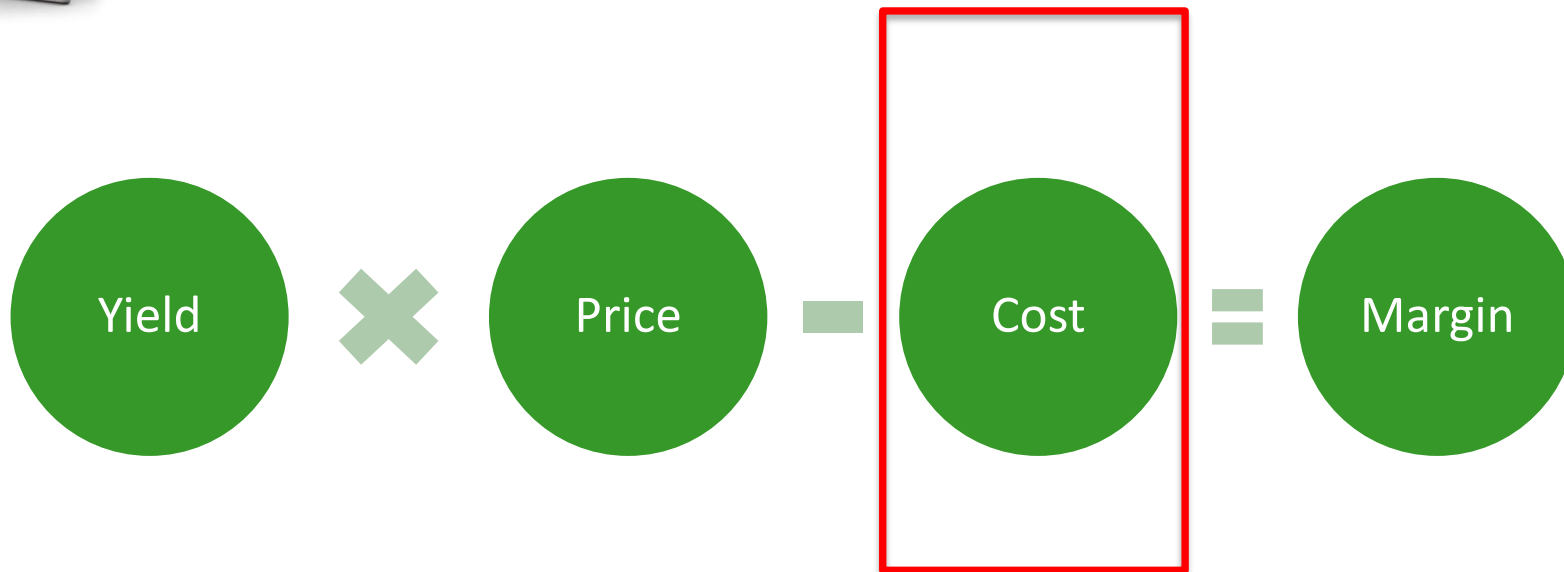
2021 – The Calculations



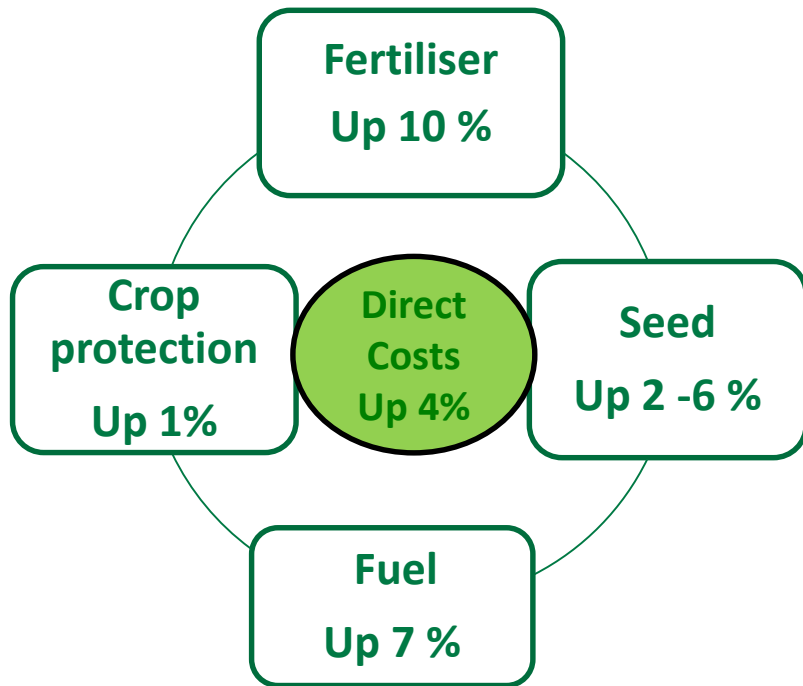
2021 Futures Wheat Harvest Price to Decline (by 5%)



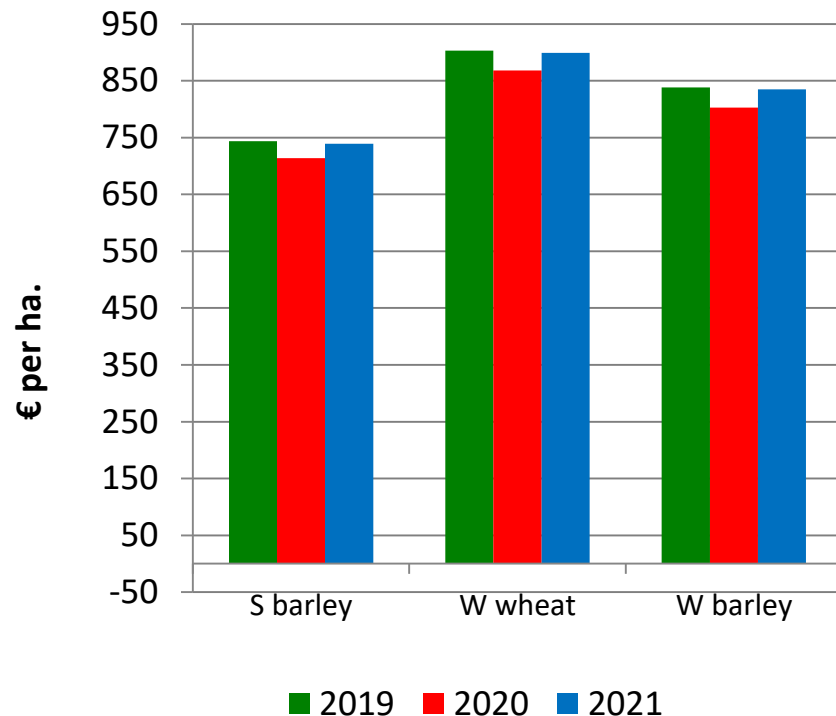
2021 – The Calculations



Overall increase in direct costs in 2021



2021 direct costs per hectare



Source: Authors' estimate for 2020 and forecast for 2021



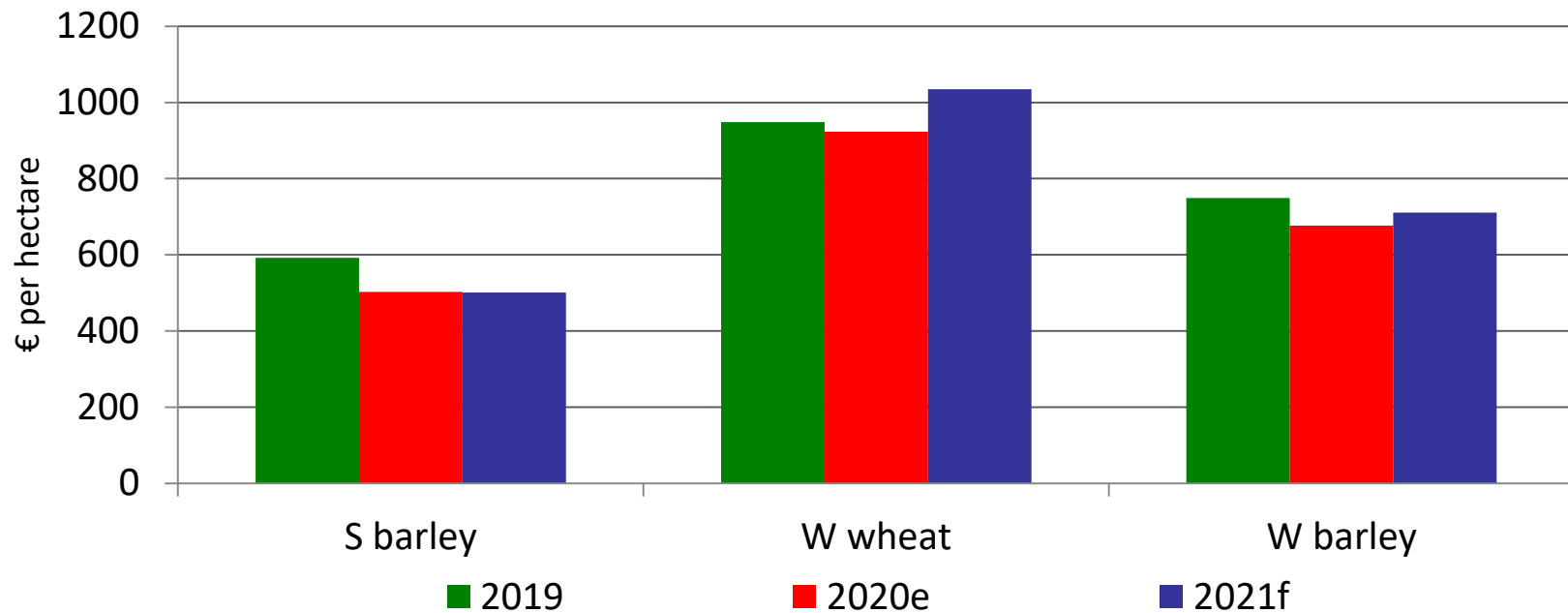
2021 – The Calculations



$$\text{Yield} \times \text{Price} - \text{Cost} = \text{Margin}$$

2021 Gross and Net Margins

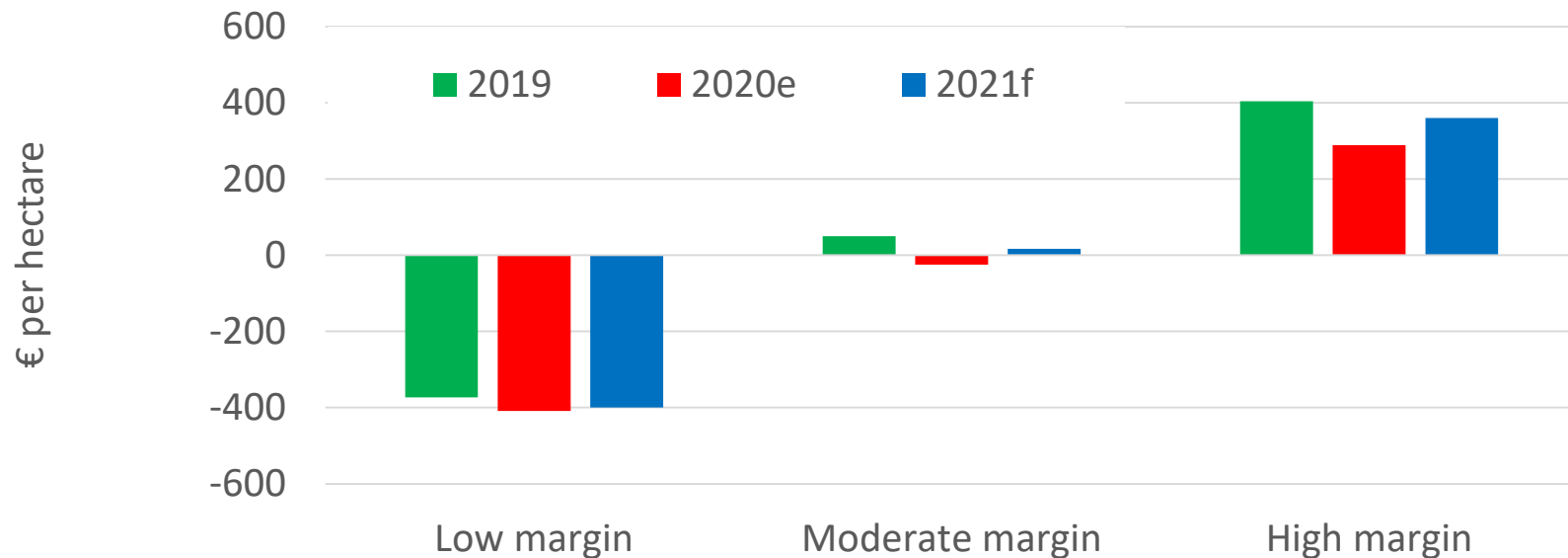
Gross margin per hectare stable for spring barley and €115 for winter wheat and €40 for winter barley



Source: Authors' estimate for 2020 and forecast for 2021

Increase in 2020 Gross and Net Margins

Net margin per hectare forecast to increase by less than €50 per hectare



Source: Authors' estimate for 2020 and forecast for 2021

Summary of 2021 Crops Forecast

■ Forecast 2021

- Prices
 - Probability that price will decrease at harvest 2021 by approx. 5%
 - Much uncertainties about 2021 price at present
- Increase in yields for cereal crops
- Costs to increase by on average 4%
- Overall increase in gross and net margins in 2021
- Average cereal based net margin will still struggle to be positive in 2021



AGRICULTURE AND FOOD DEVELOPMENT AUTHORITY

