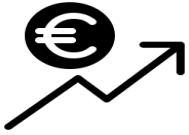


Outlook for Cattle

Jason Loughrey and Kevin Hanrahan



2022



16% increase in
steer prices



15% decrease in
gross margin on
cattle rearing



8% increase in
Weanling prices



7% increase in
gross margin on
cattle finishing



11% increase in Store
prices



Declines in net
margins



24 to 28% increase
in total input costs



Single Suckling Enterprise – Costs Impact in 2022



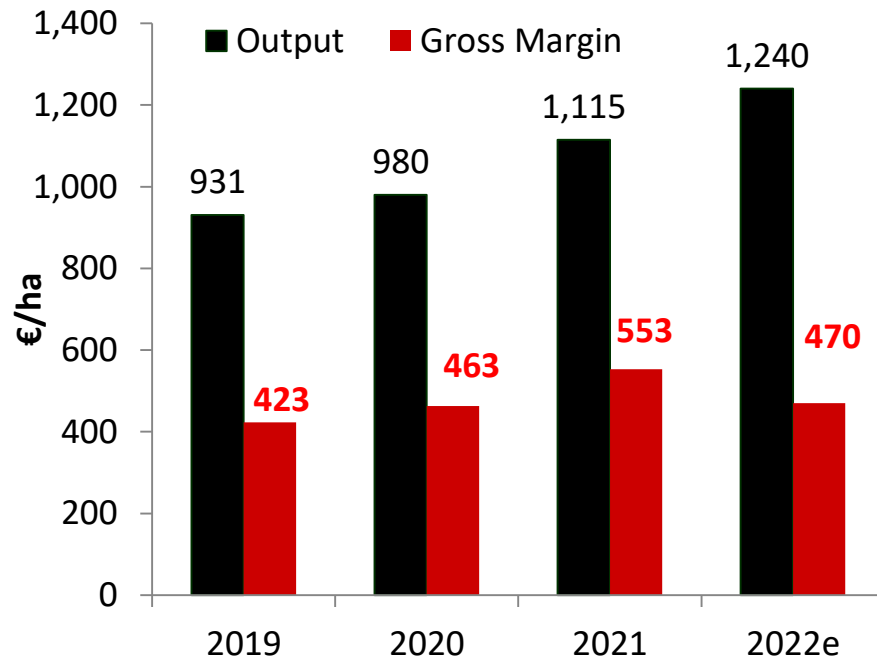
Gross Output Up 11%

Gross Margin Down 15%

Total Costs Up 24%

Average Net Margin Per Hectare

- +€10 in 2021
- -€125 in 2022



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

Average Output & Margin 2019-2021, 2022 estimate

Cattle Finishing – Average Net Margin down Slightly in 2022



Gross Output Up 27%

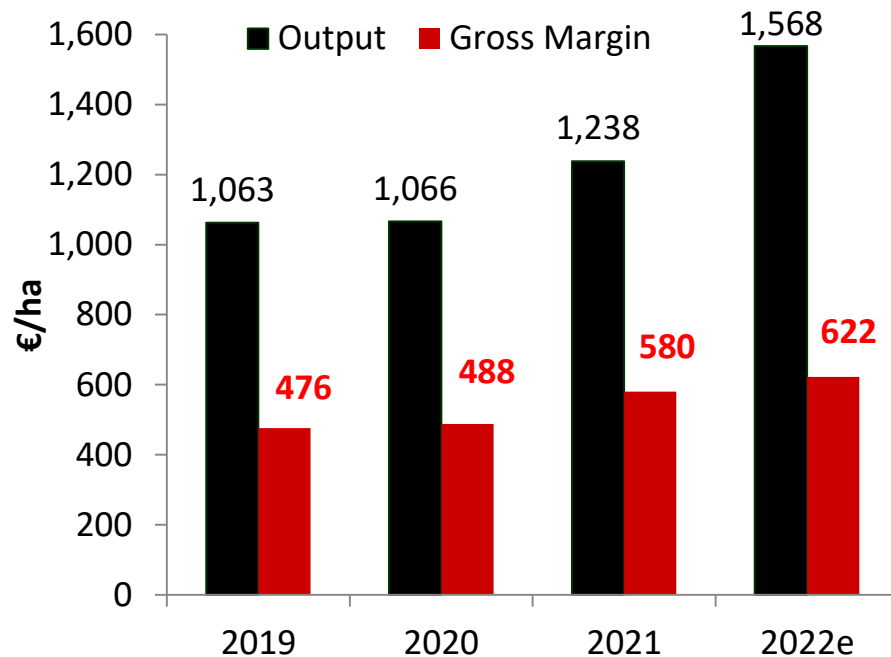
Gross Margin Up 7%

Total Costs Up 28%

Average Net Margin Per Hectare

- -€14 in 2021
- -€33 in 2022

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



Average Output & Margin 2019-2021, 2022 estimate

Cattle Finishing – Top One-Third Margins Up in 2022



Gross Output Up 27%

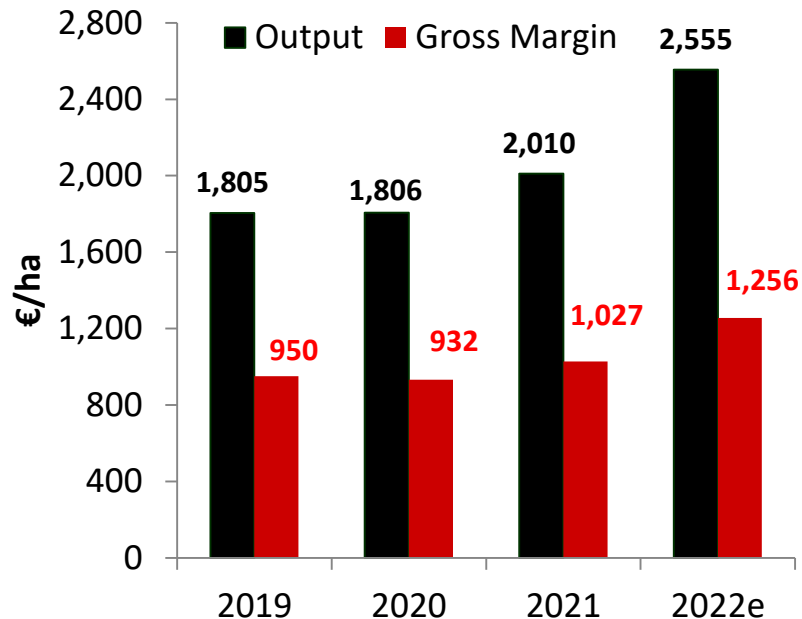
Gross Margin Up 14%

Total Costs Up 26%

Average Net Margin Per Hectare

- +€177 in 2021
- +€239 in 2022

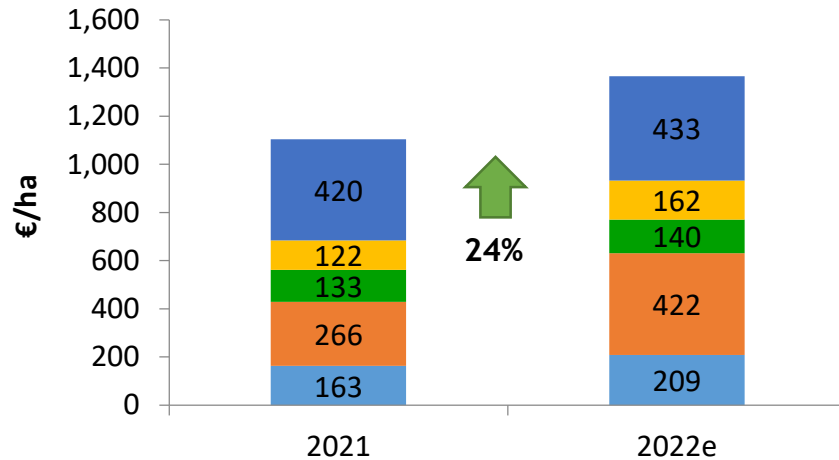
Source: Author's estimates using Teagasc National Farm Survey data



Average Output & Margin 2019-2021, 2022 estimate

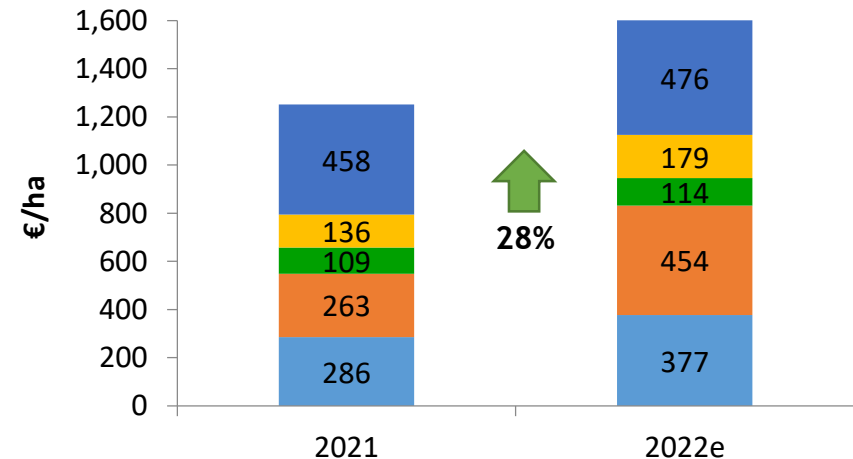
Input Expenditures Up Sharply in 2022

Single Suckling Enterprise



- Concentrate Feeds
- Pasture and Forage
- Other Direct Costs
- Energy & Fuel
- Other Overhead Costs

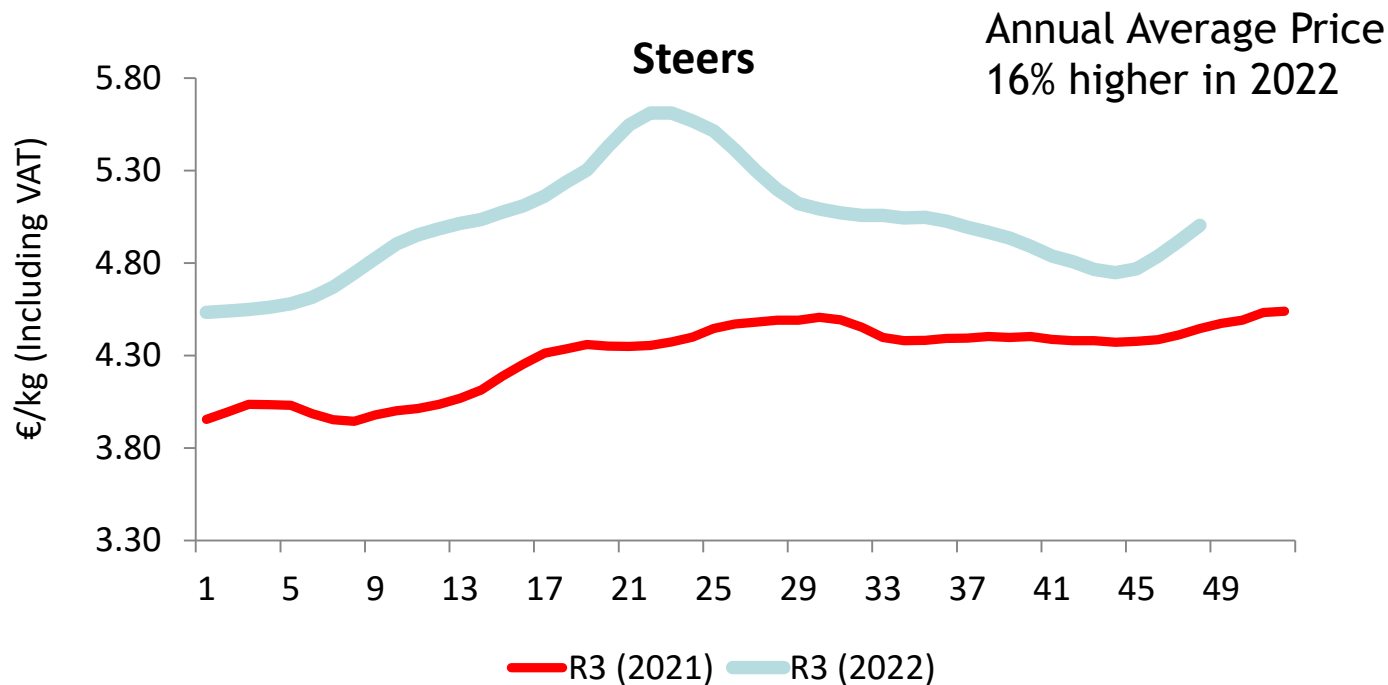
Cattle Finishing Enterprise



- Concentrate Feeds
- Pasture and Forage
- Other Direct Costs
- Energy & Fuel
- Other Overhead Costs

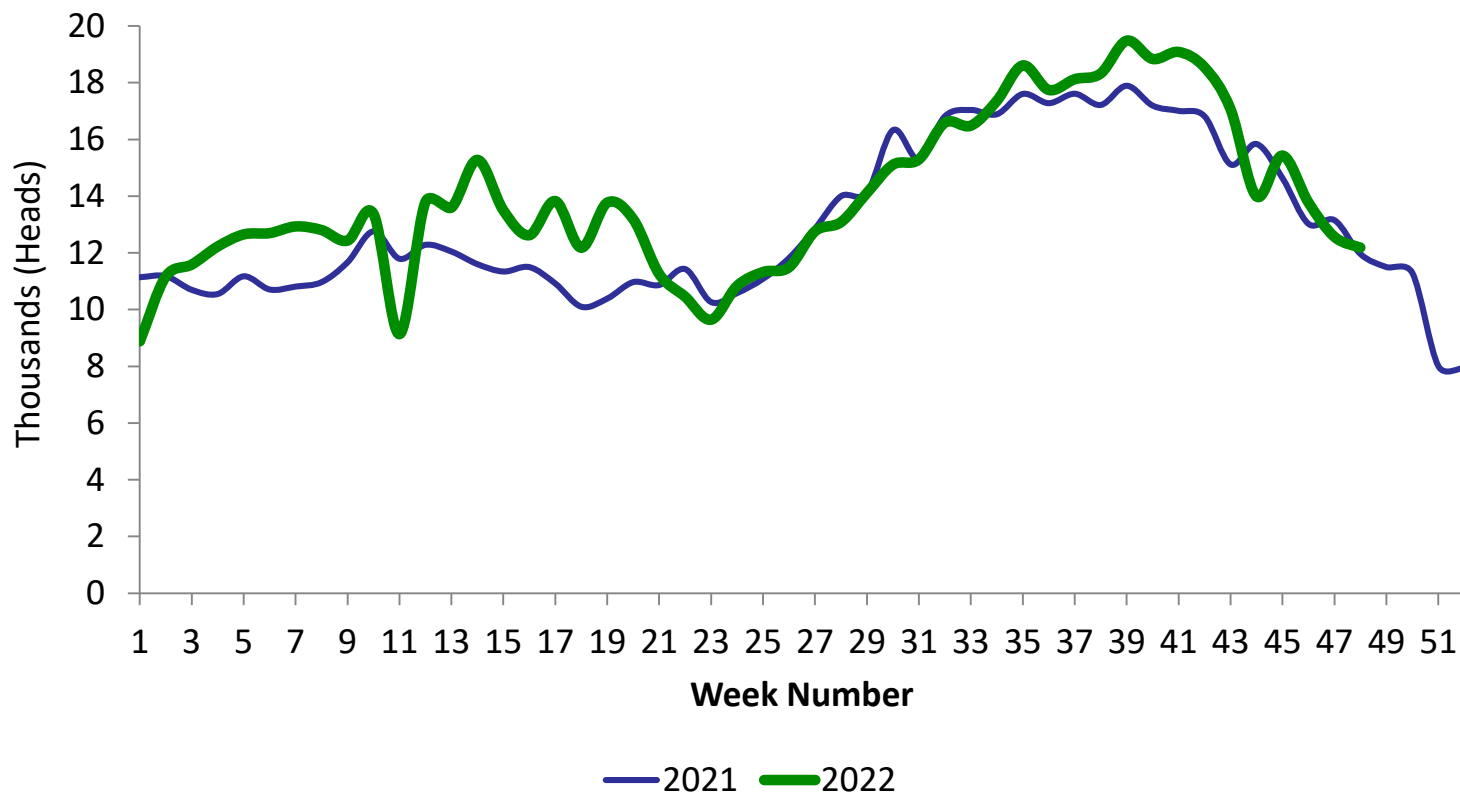
Source: Authors' estimate for 2022

Irish Beef Prices are Higher in 2022



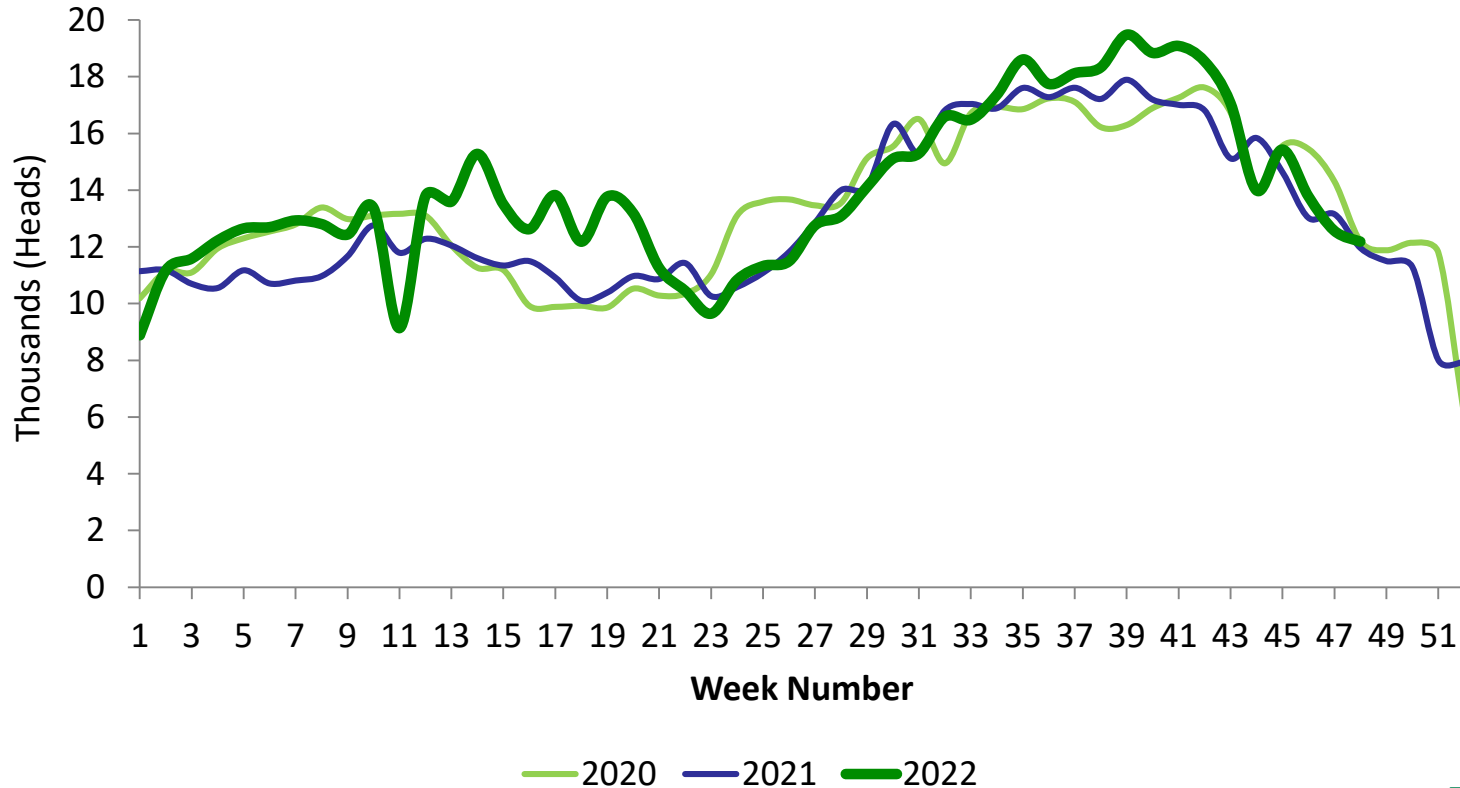
Source: European Commission and DAFM up to Week 48 of 2022

Steer Cattle Production Higher in 2022



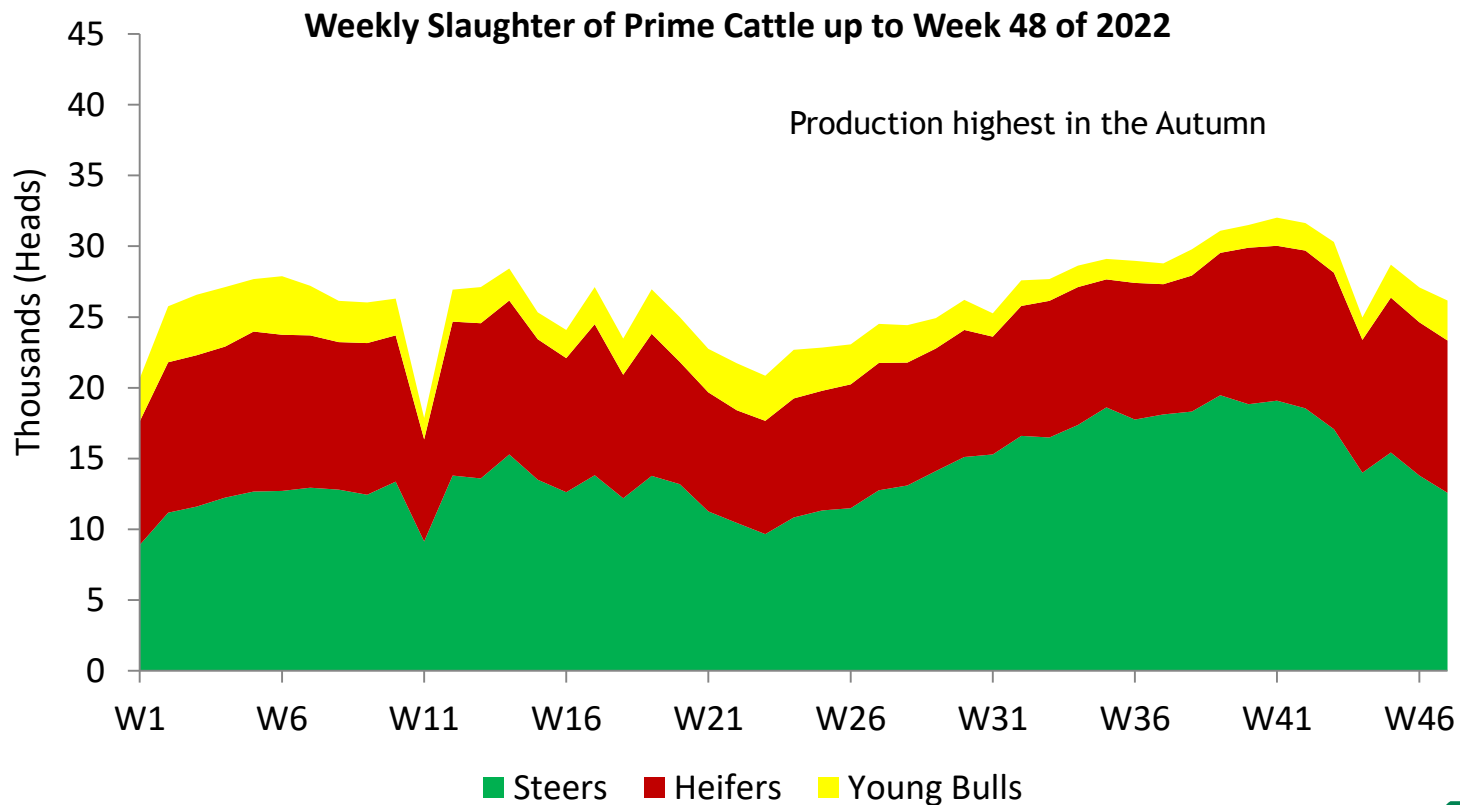
Source: Author's calculations using DAFM Weekly Meat Market Reports up to Week 48 of 2022

Steer Cattle Production Higher in 2022



Source: Author's calculations using DAFM Weekly Meat Market Reports up to Week 48 of 2022

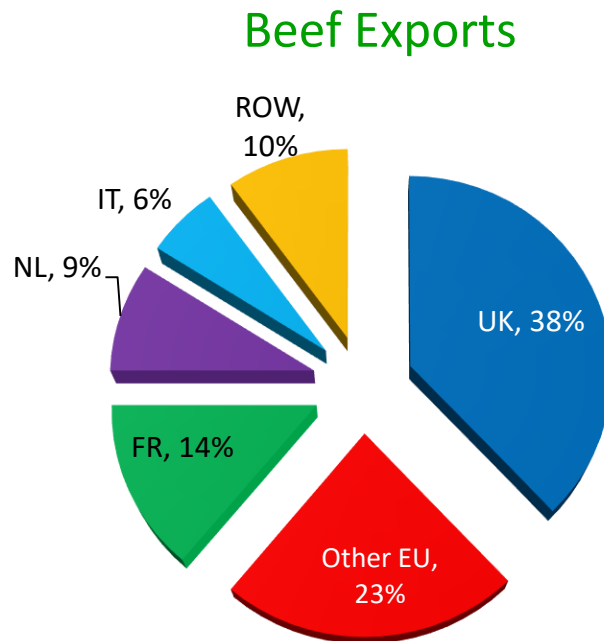
Prime Cattle Production in 2022



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

Beef Exports to the EU higher in 2022

EU Share
[Jan to Aug]
2021 43%
2022 52%

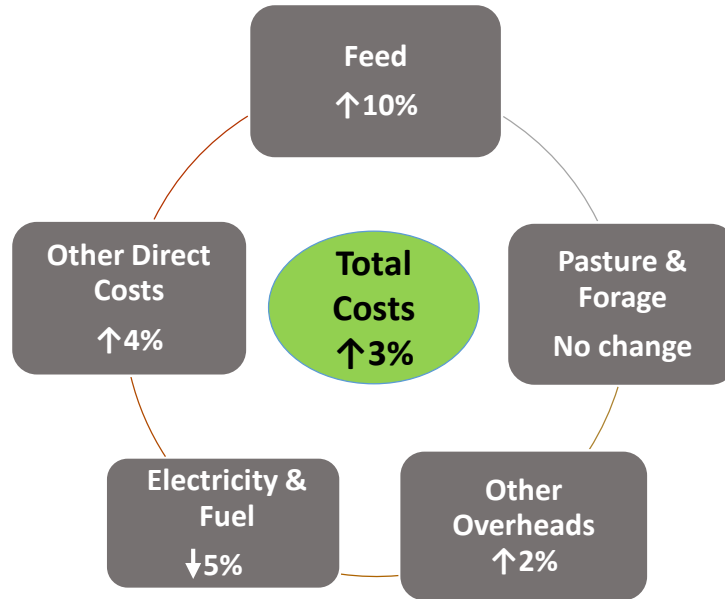


Source: Eurostat COMEXT (year through August)

Outlook for 2023



Input Expenditures stay high in 2023



EU Beef Supply and Use Balance 2023

- Consumer beef prices at record levels
- EU Production down in 2023
- EU Consumption stabilising

	2018	2019	2020	2021	2022e	2023f
Net Production	7,067	6,964	6,901	6,882	6,842	6,828
Domestic use	6,843	6,774	6,616	6,599	6,636	6,631
Difference	224	190	285	283	206	197

Source: European Commission Short-term Outlook
Units: Thousand tonnes (CWE)

EU Beef Supply and Use Balance 2023

- Consumer beef prices at record levels
- EU Production down in 2023
- EU Consumption stabilising
- EU Imports increase to pre-COVID volumes

	2018	2019	2020	2021	2022e	2023f
Net Production	7,067	6,964	6,901	6,882	6,842	6,828
Domestic use	6,843	6,774	6,616	6,599	6,636	6,631
Difference	224	190	285	283	206	197
Imports	371	386	307	284	355	369
Exports	595	577	592	567	561	567

Source: European Commission Short-term Outlook
Units: Thousand tonnes (CWE)

2023 – Outlook



4% increase in steer prices



11% increase in gross margin on cattle rearing



5% increase in Young cattle prices



No change in gross margin on cattle finishing



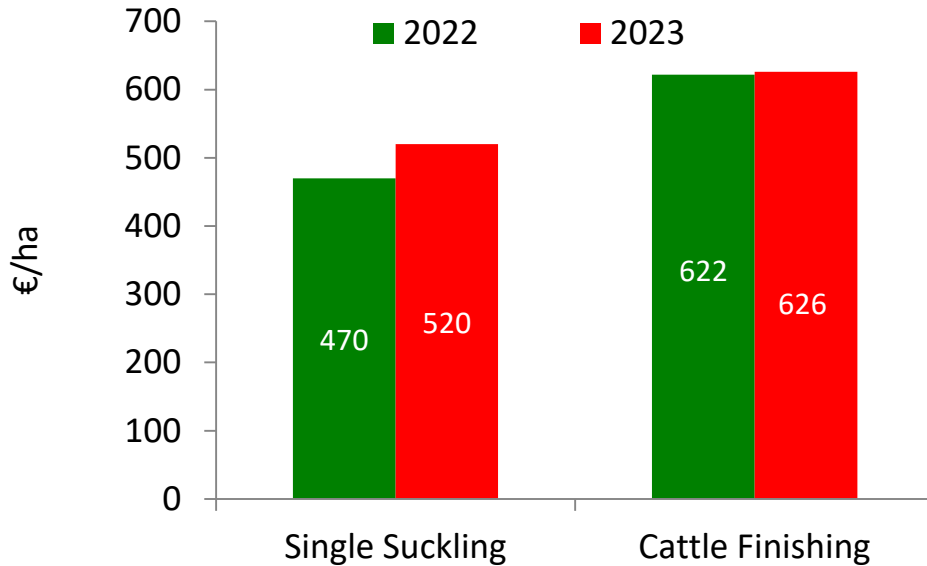
3% increase in total input costs



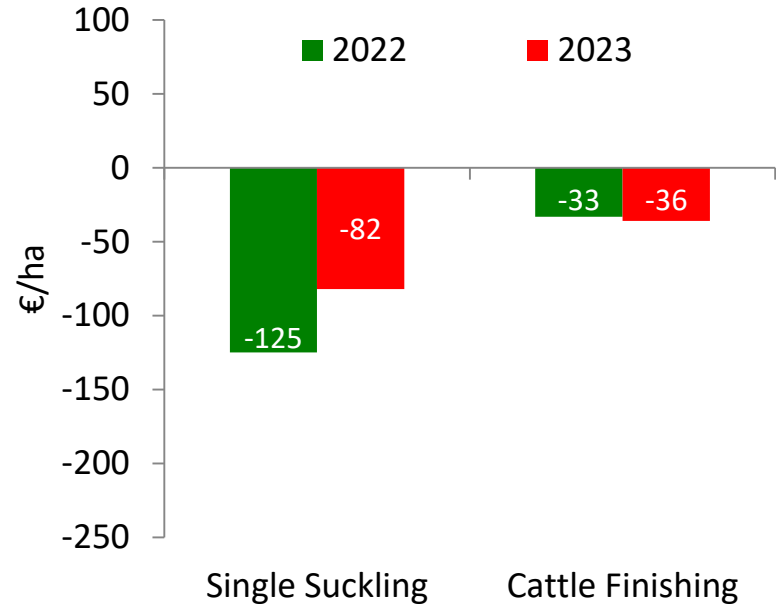
Average cattle enterprise earns negative net margin in 2022

Average Cattle Margins in 2023

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



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



Source: Authors' estimate for 2022 and forecast for 2023

Conclusion

2022

- Lower Cattle Farm Income
- Cattle prices increase sharply but seasonal and volatile
- Higher input prices offset rising output prices
- Consumer prices increase globally

2023

- Supply-side factors
- Rising cattle prices
- EU production declines
- UK production increases
- Consumer demand in key export destinations
- EU Export Share

Thank You



Cattle Rearing – Top One-Third Margins Down in 2022



Gross Output Up 11%

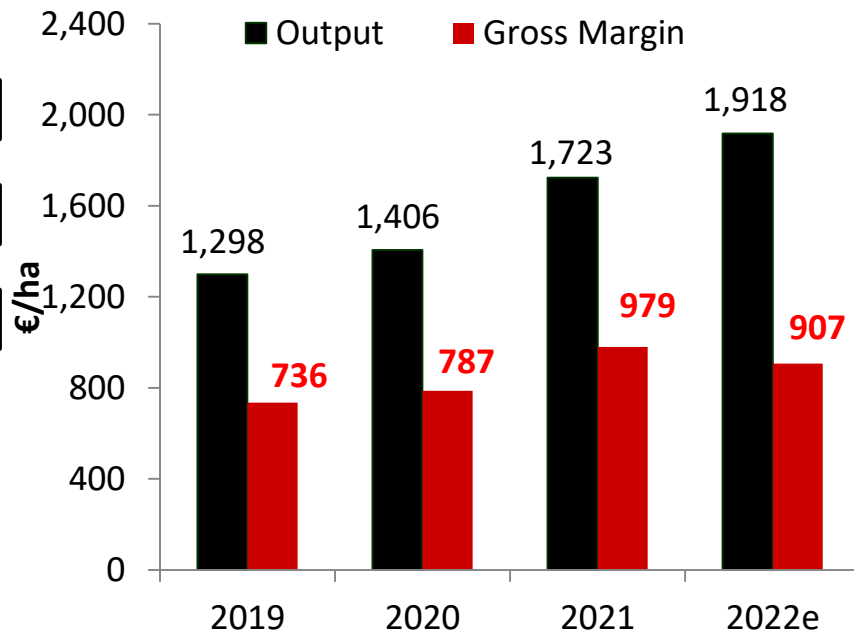
Gross Margin Down 7%

Total Costs Up 24%

Average Net Margin Per Hectare

- +240 in 2021
- +91 in 2022

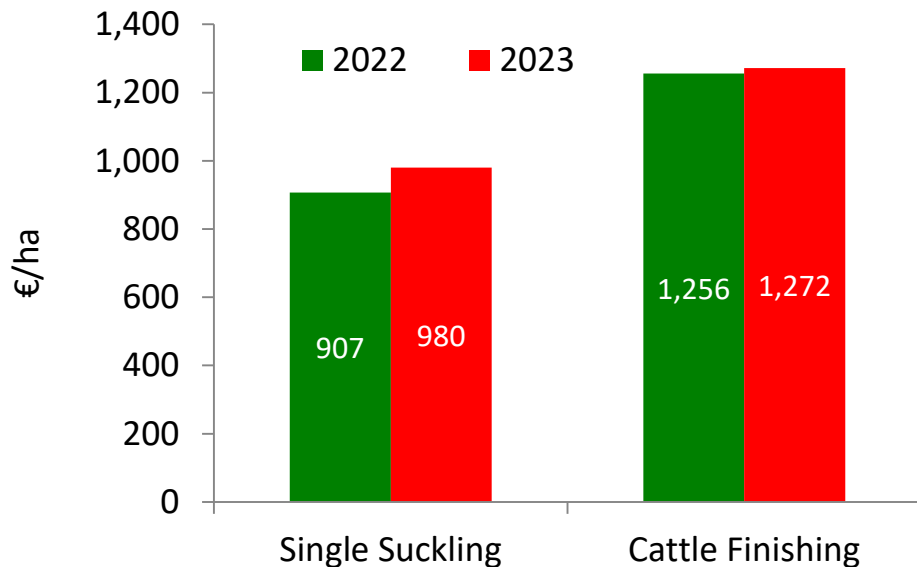
Source: Author's estimates using Teagasc National Farm Survey data



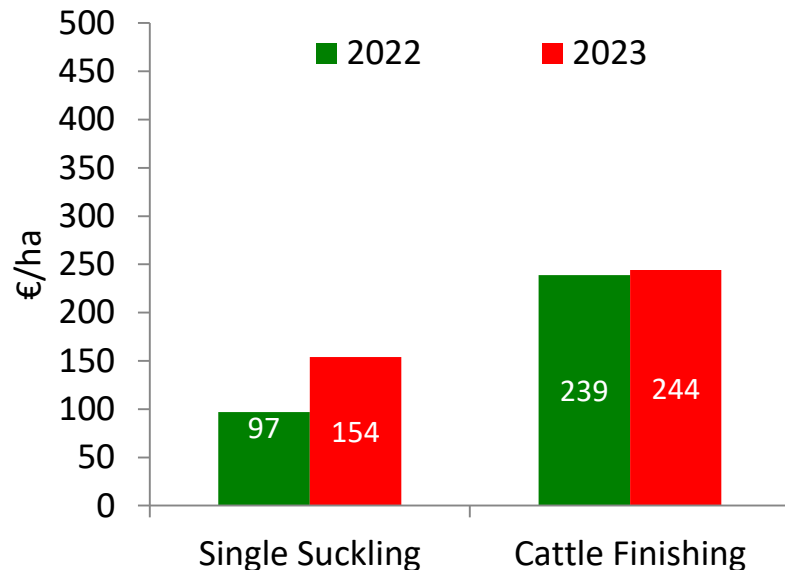
Average Output & Margin 2019-2021, 2022 estimate

Top One-Third Cattle Margins in 2023

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



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



Source: Authors' estimate for 2022 and forecast for 2023

Beef Price Volatility 2016-2022

[R3 Steer]

	Peak (Euro Per Kg)	Low-Point (Euro Per Kg)	Difference (Euro Per Kg)
2016	4.23	3.73	0.50
2017	4.30	3.85	0.44
2018	4.35	3.85	0.50
2019	4.10	3.60	0.50
2020	3.97	3.59	0.38
2021	4.54	3.95	0.59
2022	5.61	4.53	1.09

Source: Authors calculations using DAFM Weekly Reports (Prices include VAT)

