

Outlook for Sheep 2022/2023

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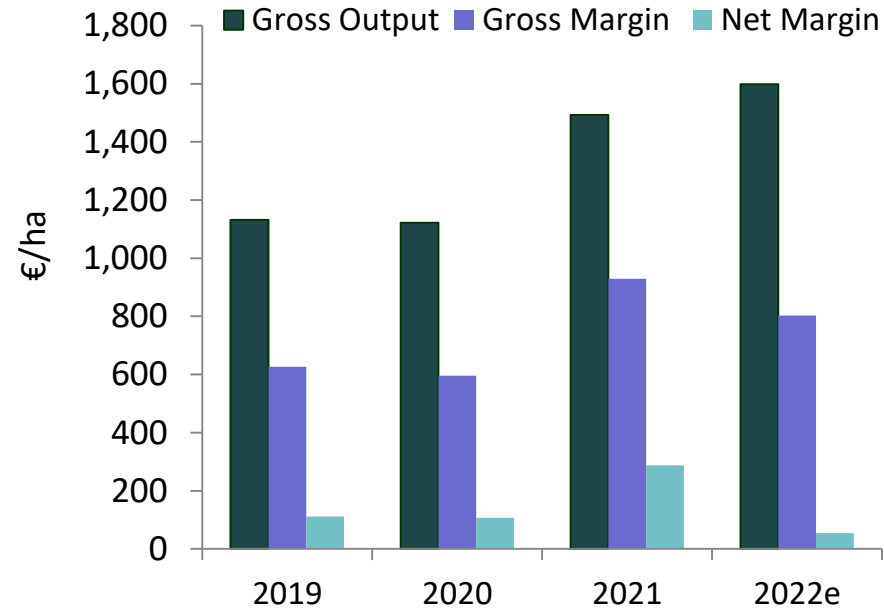
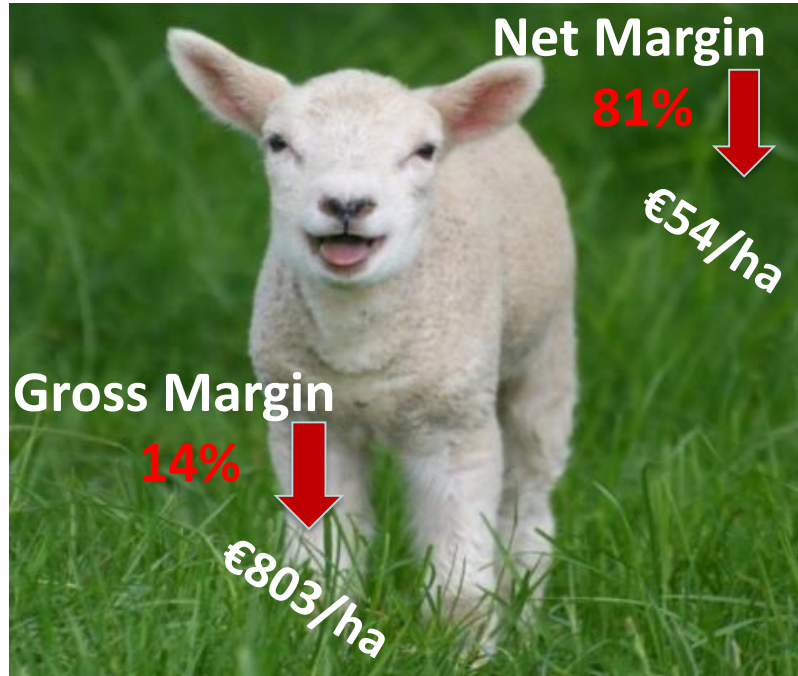


Focus on the Mid season lowland lamb enterprise

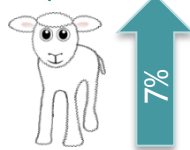
- predominant lowland sheep system in Ireland
- only farms with greater than 20 breeding ewes included



Gross margins decrease 14% in 2022



Output Value



HIGHER

Input Spend



HIGHER

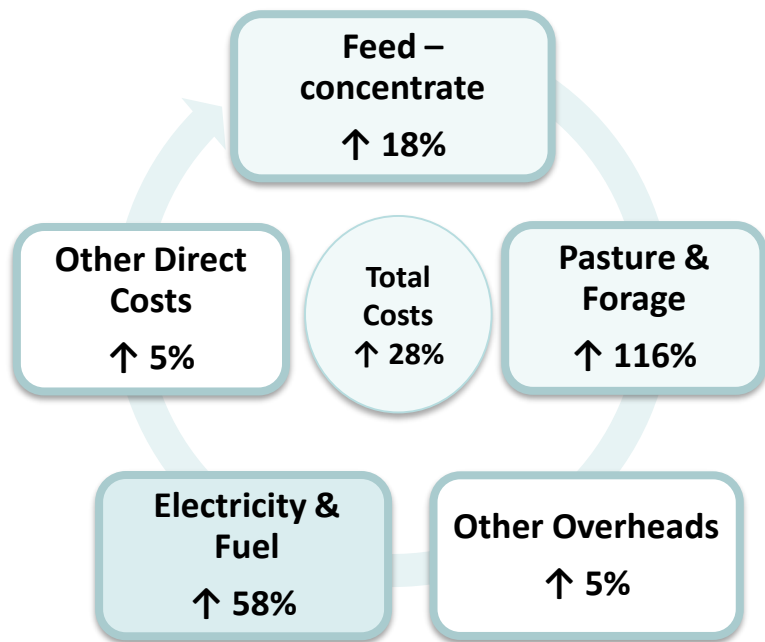
Margin



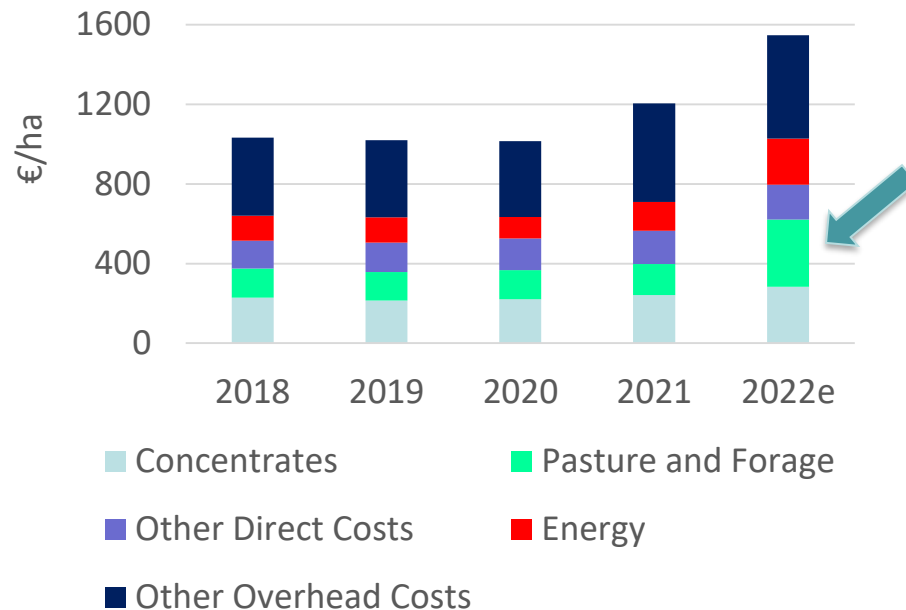
LOWER

Increase of 28% in Sheep Total Costs - 2022

2022 costs per ha



Average Sheep production costs 2018 – 2022e

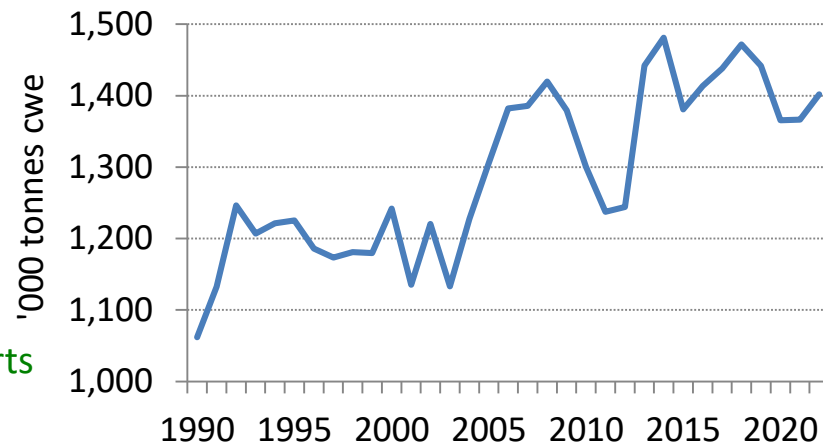


Expenditure change relative to 2021
based on average mid season lowland lamb farm

Growth in Global export trade

Since 1990 - Global trade has grown by 30 %

- Global trade fell back in 2020 (COVID) - recovering
- International trade - dominated by NZ & Australia
- China – continues to change the dynamics - largest producer, consumer & importer
- Owing to high prices – EU sheep meat exports have declined (3% , 2022)
- Tight EU domestic S – expected to continue, limit exports
- Ireland ranked 5th in terms of EU sheep production (comprising 8% of total heads slaughtered, 2021)

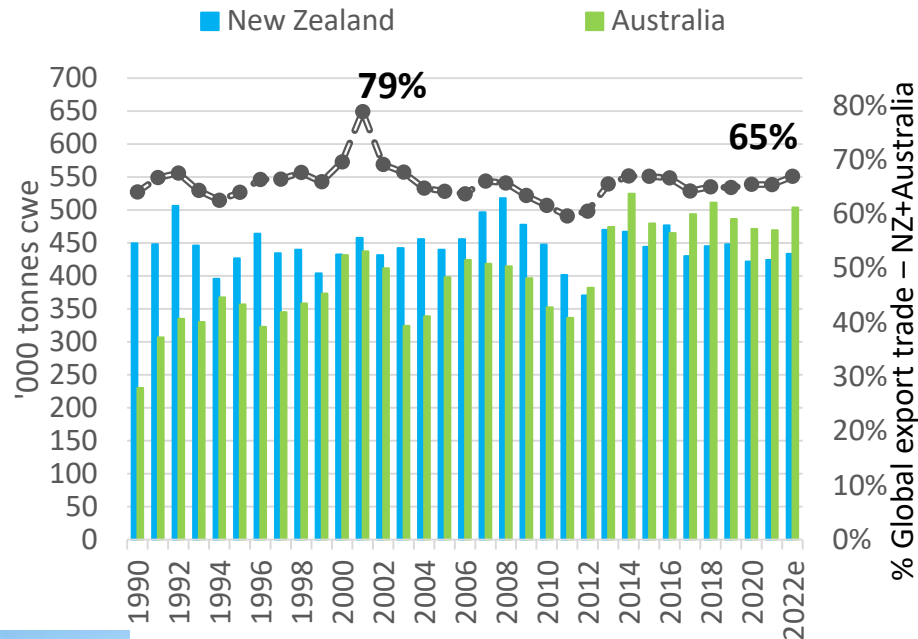


Source: OCED



NZ & Australia – Dominate Global export trade

- Comprise 65% global export mkt – higher % early 2000
- Over past decade, Australian prop. outpaced NZ
- Elevated Global shipping costs – competitiveness into EU mkt remain suppressed
- Vol. exports to China ↓ but Asia remains key mkt
- Australia-UK free trade deal – ? lead to large increase in Australian lamb into UK in % terms
- Expected to displace volumes from elsewhere – rather than increase total UK imports



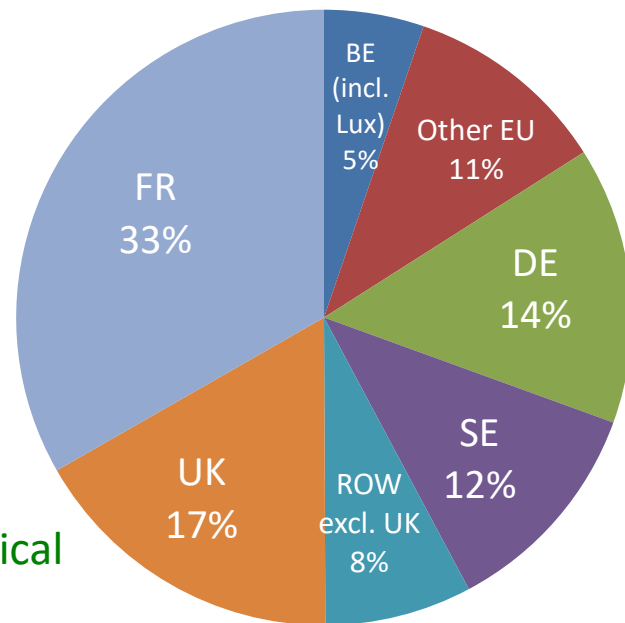
Source: OECD



Export Markets for Irish lamb – 2021/22

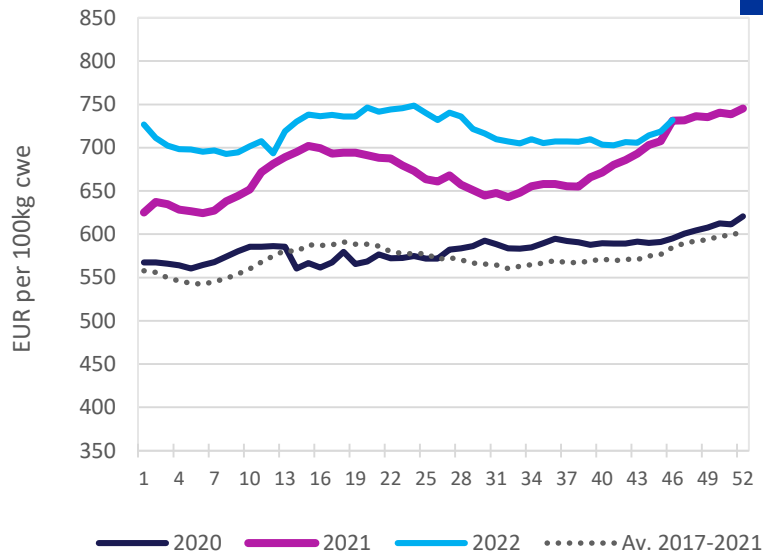
Bulk Irish sheep meat destined for foreign markets

- 2021: > 54,500 tonnes cwe exported
 - > 75% exported
- Year, end Aug, exports up 15%
- Highest Proportion to France - 33%
- UK remains NB Mkt - albeit lower % - 17%
- Lamb price developments Ireland's export markets – critical
- Solid fundamentals – support D Irish lamb



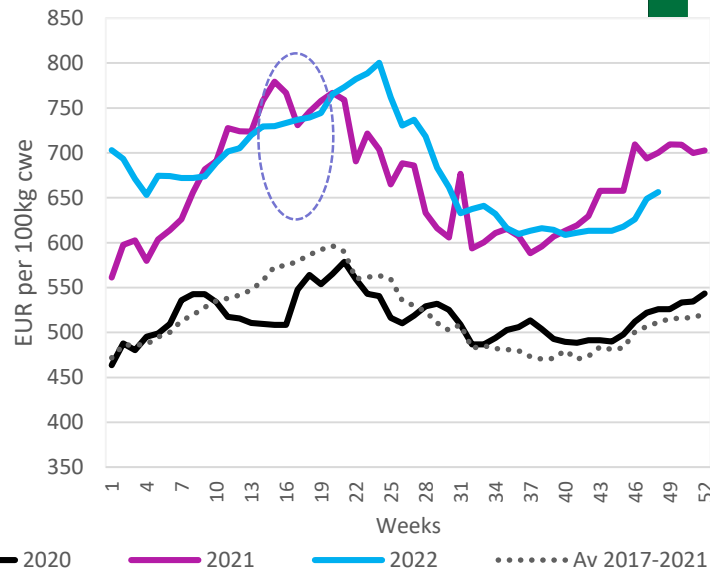
Higher Lamb Prices 2022

Evolution of Heavy Lamb prices in EU



Source: DG-Agri-G3, Meat sector

Heavy Lamb Price - Ireland



Weeks

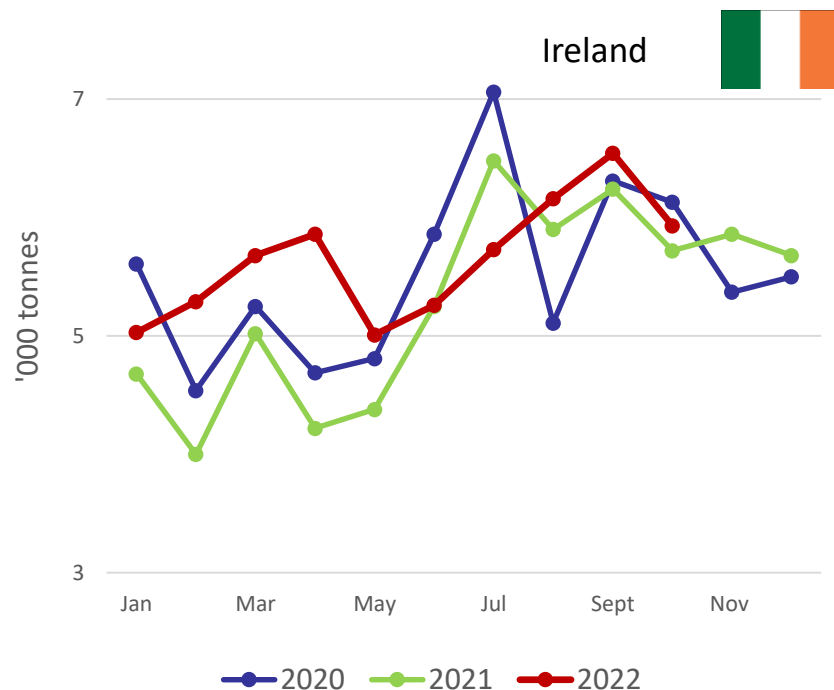
- EU sheep/lamb mkt - characterised by higher P
- Steady EU Domestic D - Av. P – > 7% higher
- Well ahead Prices 5 yr period (2017 - 2021)

- Nov 2022 – Lamb P 3% higher
- 2022 P – well ahead of 5 Yr Av 2017-2021
- Expectation – P estimate 4% Higher



Sheep throughput up 9%

- 2022 Slaughter figures – throughput 9% higher
- Over 2.6 m heads slaughtered - 7% higher
 - (end Oct -CSO) verses corresponding period 2021
- Number of ewes slaughtered 8% higher*
- Cumulative % - Lamb/Hoggets up 30% &
- Spring lambs slightly lower,- 4% (end Nov)



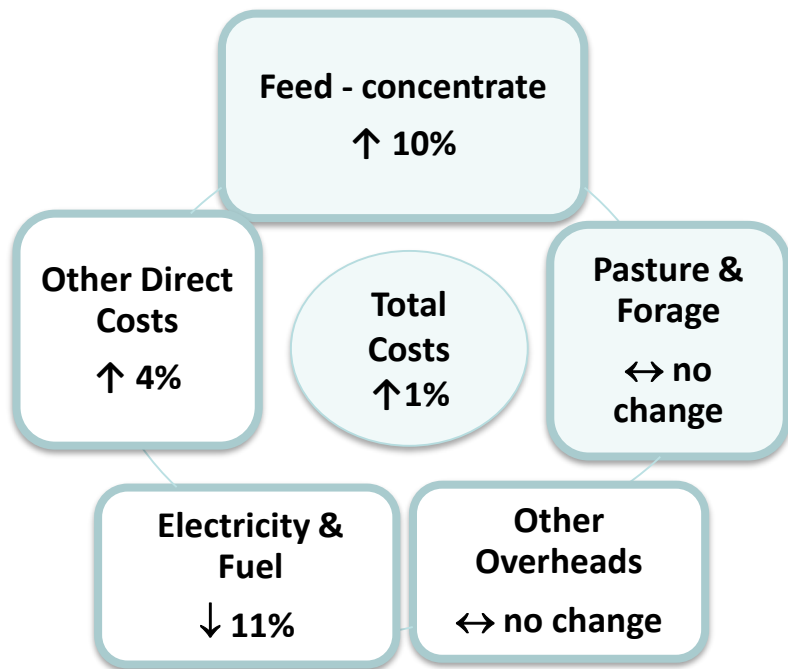
Source: CSO Statbank, October 2022

*Dept. of Agriculture, Food and the Marine



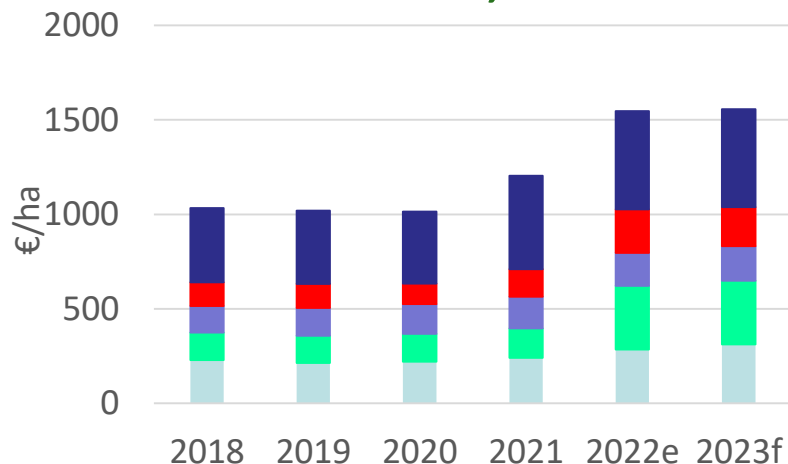
Forecast 1% increase in Sheep Total Costs

2023 costs per ha

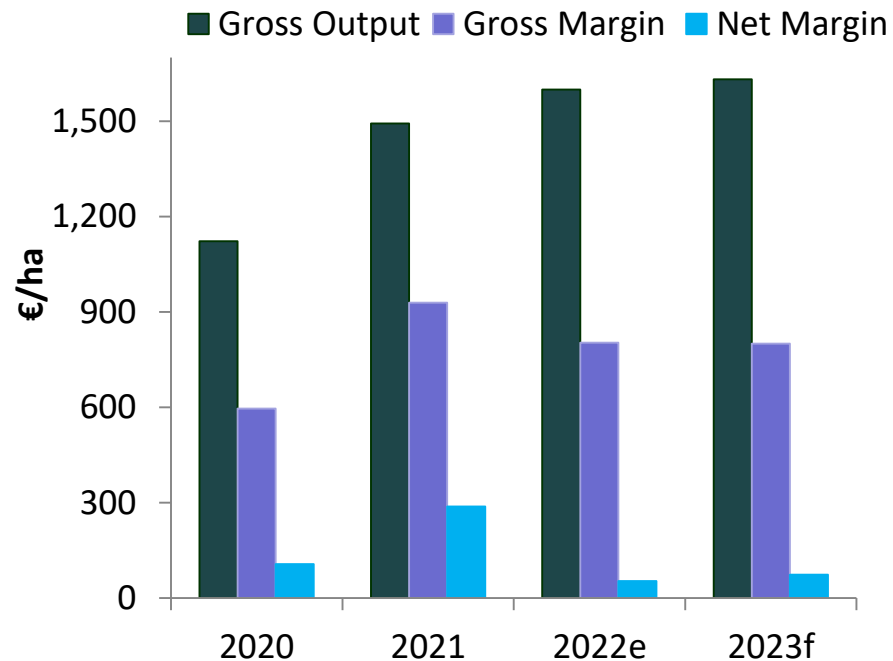
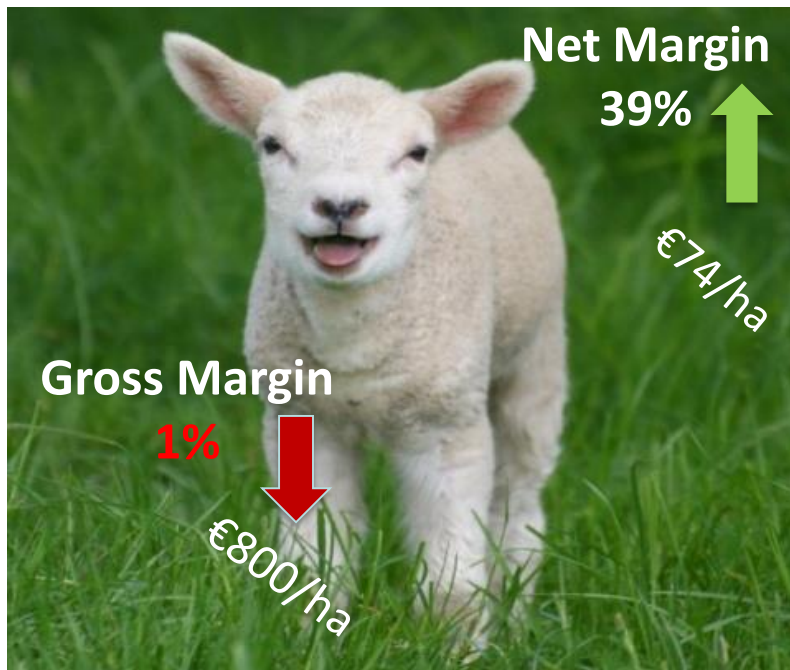


Expenditure change relative to 2022
based on average mid season lowland lamb farm

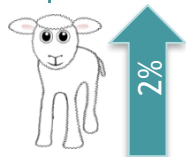
Average Sheep production costs 2017 – 2022e, 2023f



Declining Sheep Margins – 2023 Forecast



Output Value



HIGHER

Input Spend



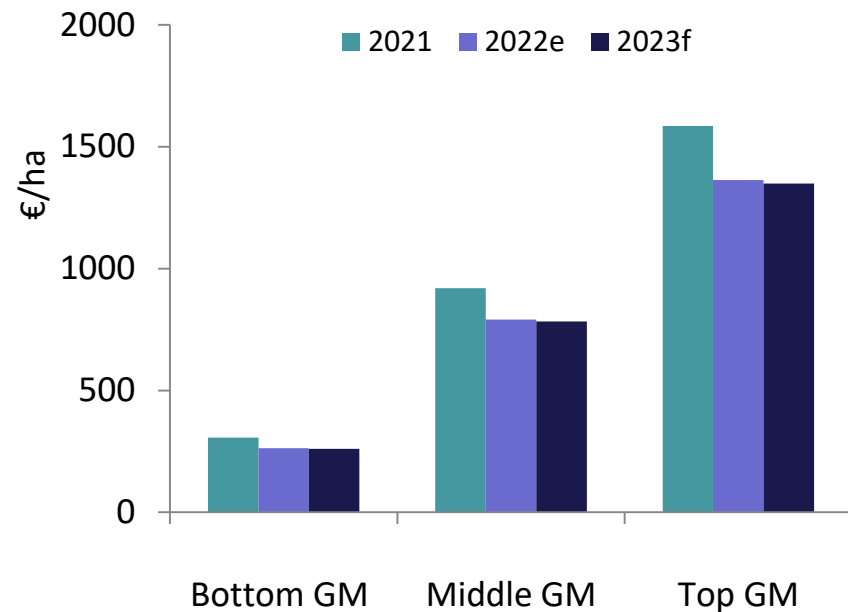
HIGHER

Margin

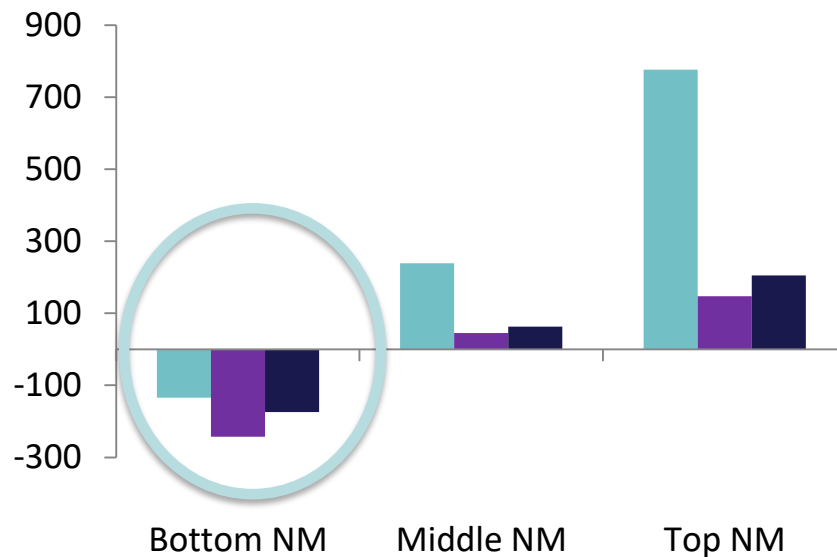


LOWER

Average Margins – Conceals Variability – 2023f



Gross Margin – 2022e



Net Margin – 2023f

BOTTOM – 1/3
Least Profitable

MIDDLE – 1/3

TOP - 1/3
Best performing



2023 – A “mixed” Year for Sheep farmers



Relatively Stable EU
mkt situation, Tight
Supply



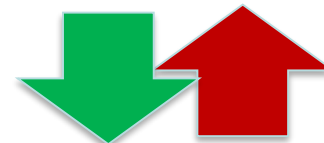
Lamb prices – 2%
higher than 2022



Pasture & forage costs
Remain relatively stable



Overhead Costs
3% decline
Total Costs
1 % increase



Feed use stable
Feed prices up 10%



Gross margins
on average €800/ha
Down 1%



Other direct costs
Up 4% on 2022 level



Net margins
forecast to increase
39% - to €74/ha





Sheep Review & Outlook 2023



Thank you

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