

NOVEMBER 28TH 2023



@FionaThorne6

# OUTLOOK 2024

Situation and Outlook for Irish Agriculture

## AGRI INPUTS & CEREALS



# Overview

- **2023 Inputs and Crops**
  - Where we are now in terms of the farm gate
  - Input costs, yields, price, gross and net margin
- **2024 Inputs and Crops**
  - Where we are going in terms of the farm gate
  - Input costs, yields, price, gross and net margin



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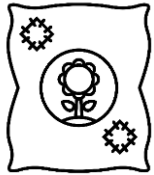
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## AGRI INPUTS



# Inputs 2023 (Price > volume change)



## Fertiliser

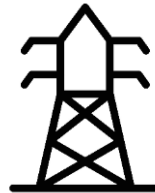
↓  
Price  
- 30% - 15%

↓  
Volume  
- 18% in aggregate



## Fuel

↓  
Price  
- 18% green diesel  
- 15% white diesel



## Electricity

↑  
Price  
+ 28%



## Feed

↑  
Price  
+ 2%

↑ Volume +3% to  
↓ -5%



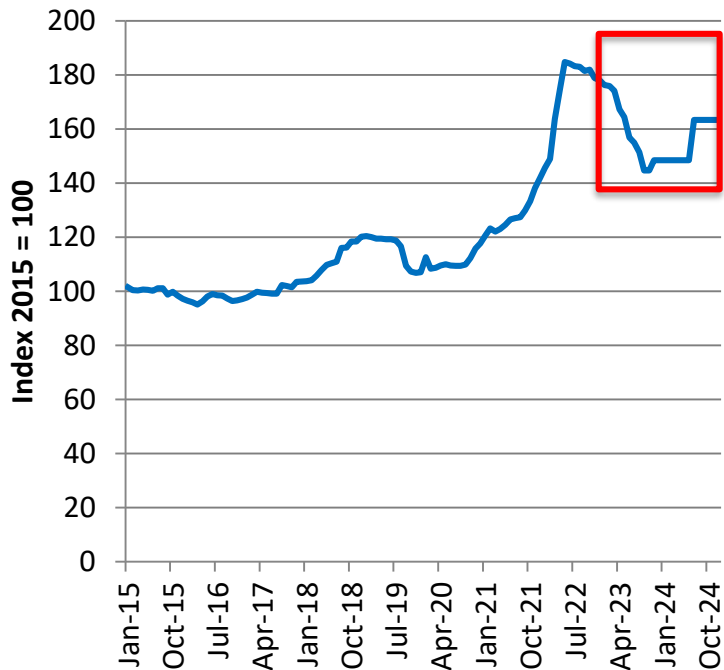
## Total Costs



Sector Specific

# 2024 Input Story: In general prices decreasing

Feed: Very slight decrease in feed prices



## ■ Feed price is a tale of two halves

- Decrease in H1 2024 compared to same period of 2023
  - ‘Hangover’ from 2023 harvest price decreases
- Increase in H2 2024 compared to same period of 2023
  - Still much production uncertainties
- **1 percent decrease for the year**
  - Remember it is an annual average price

## ■ Feed volume: Sector specific

- Lower for beef due to animal numbers

Source: CSO and Author's estimates

# 2024 Input Story: In general prices decreasing

Fuel: Price decreases in 2024 for the full year



## ■ Fuel: price decreases in 2024 for the year as a whole

- Lower growth in oil demand 2024
- 2024f = 80 USD (down 4%)
- But an escalation of conflict in Middle East could deliver a different outcome

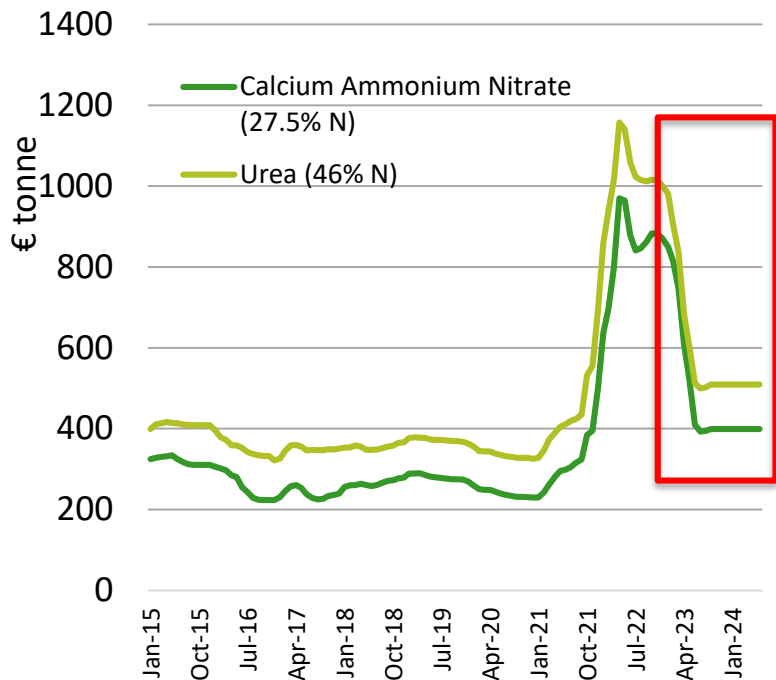
## ■ Account for price transmission at the farm level

- Green diesel 9% decrease in 2024 at farm level
- Motor fuel index 4% decrease in 2024 at farm level
- Sector specific price decreases take usage into account

Source: CSO and author's estimates

# 2024 Input Story: In general prices decreasing

Fertiliser: Significant declines in fertiliser prices forecast for 2024



## Prices for N have declined during the course 2023

- Reflecting fuel price changes
- Remember fertiliser purchasing patterns

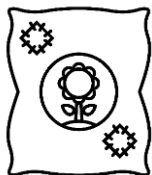
## Nitrogen based products for grassland

- Urea prices down 35% in 2024 v. 2023
- Six month average versus annual average

## Nitrogen and compounds on tillage land

- Timing of purchase is important
- P and K, less volatile than N
- Overall, likely -35% in 2024

# Inputs 2024 (More Price Declines Forecast)



## Fertiliser

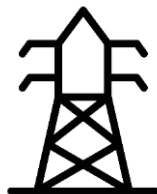
↓ Price  
- 35%

Volume  
No change



## Fuel

↓ Price  
- 7 to 10%  
at farm gate



## Electricity

↓ Price  
-10%



## Feed

↓ Price  
-1%

Volume  
Little change



## Total Costs

↓ ↓  
Sector  
Specific



# From Inputs Summary to....Crops

- **Inputs summary**

- For 2024 more significant price changes overall
  - Remember – annual average versus seasonality
- Downward pressure on
  - Fuel, fertiliser, seed, electricity and feed
- Still upward pressure on some prices
  - Crop protection and 'other costs'
- Implications
  - Sector specific story in inputs for 2024



- **Begin with margin story for crops**

- Given the importance of feed for other sectors



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## CEREALS



# 2023 –Negative Income Story for Cereals



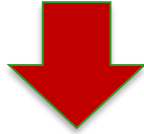
In general, decrease  
in crop yield per  
hectare



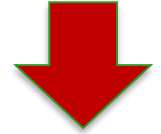
Approx. 5%  
decrease  
in direct costs



Winter cereal area  
decrease



55% decrease in gross  
margins



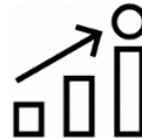
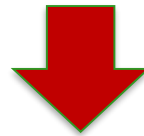
20% decrease cereal  
production



Approx. €670 per ha  
decrease in cereal net  
margins



Over 30% decrease  
in cereal prices



56% of cereal farmers  
earn positive net margin



# 2023 – A Negative News Story for Cereals

€670 per hectare decrease in net margin in 2023

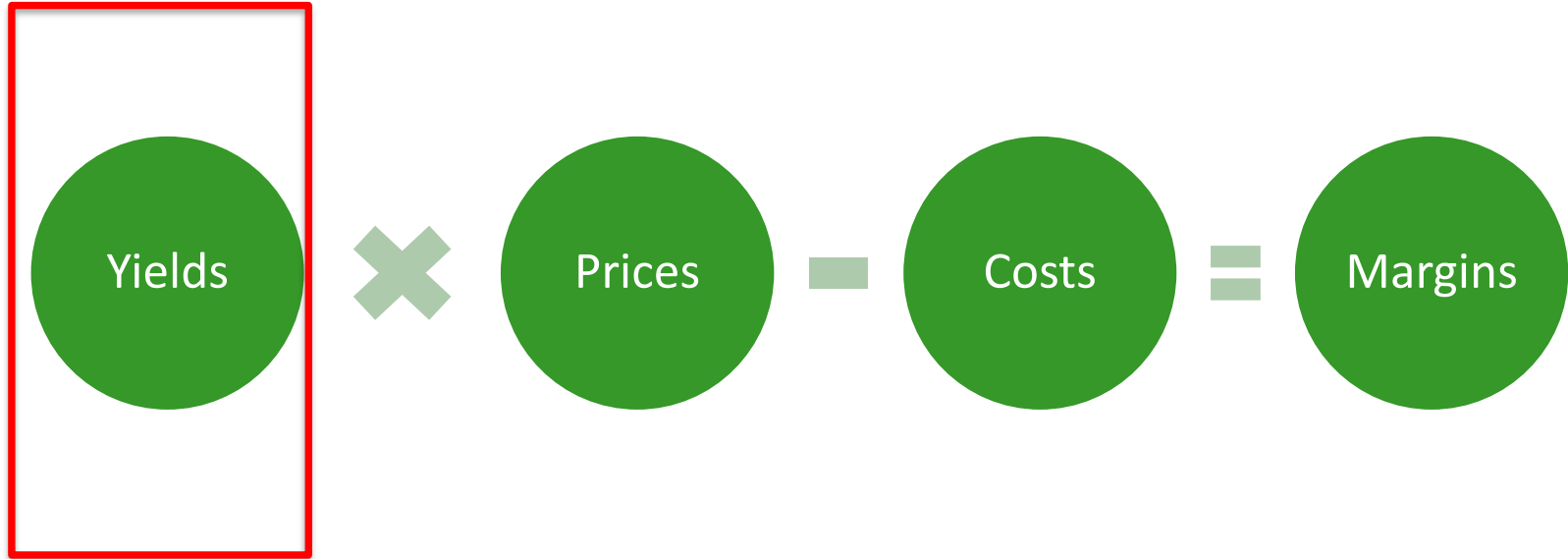


- **Average cereal based enterprise on specialist tillage farms**
  - Net margin
  - SIM and TIS taken account of in FFI
- **56% earn a positive net margin in 2023**
  - Average = €115 per ha.
  - High margin farms = €725 per ha.
  - Low margin farms = Minus €480 per ha.





# 2024 – The Calculations





# 2024 Production To Decrease Very Slightly

Very slight decrease in EU production potential in 2024 forecast

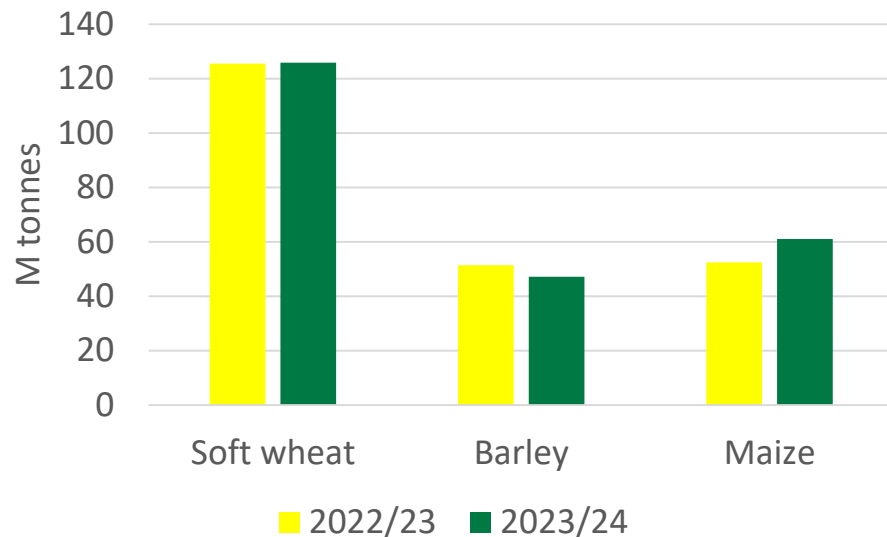
## ■ Increase EU production in 2023

- Increase in aggregate EU, wheat, barley and maize production
- Uncertainty regarding Ukraine stocks became clearer
- But also decrease in demand for feed
- Leaving some increase stock/use ratios internationally
- Decrease in wheat and barley prices (2023)

## ■ Will '23 global harvest be replicated in '24?

- Return to trend yield in 2024
- Decrease in EU winter cereal area
- Much speculation about potentially low 2024/25 wheat stocks

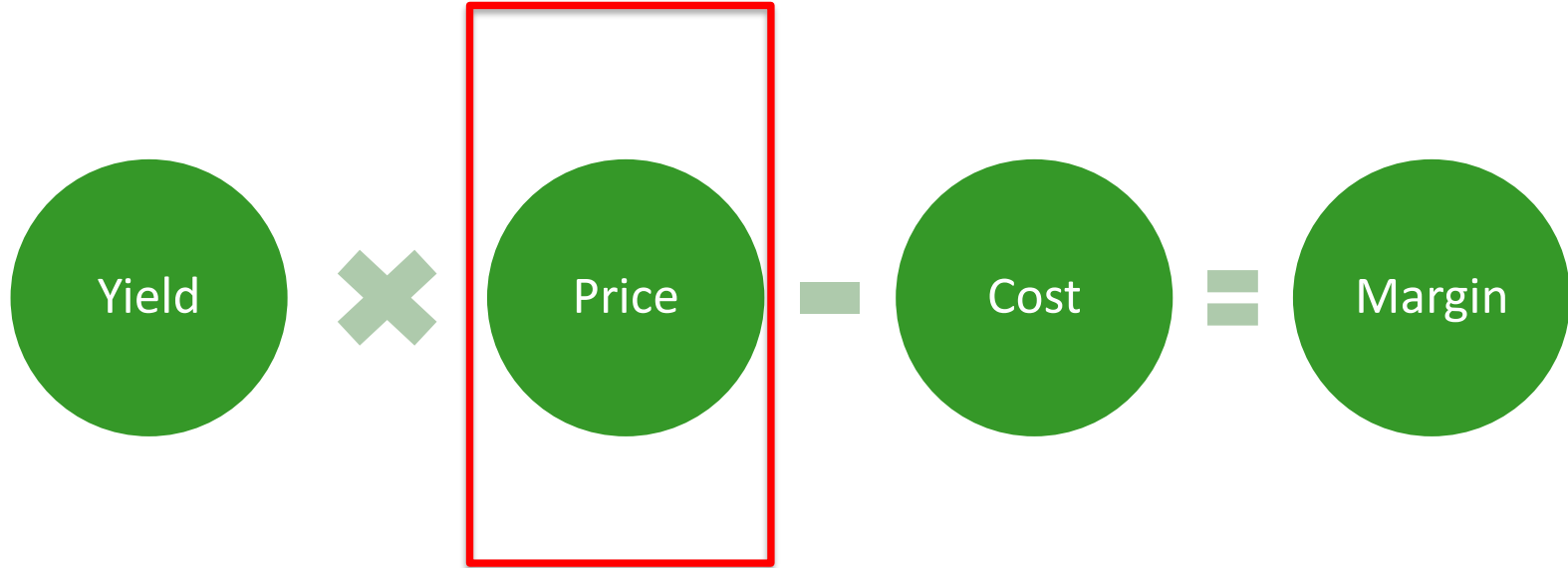
Actual and Estimated EU Production  
2022/23 and 2023/24



Source: *Strategie Grains*, November 2023

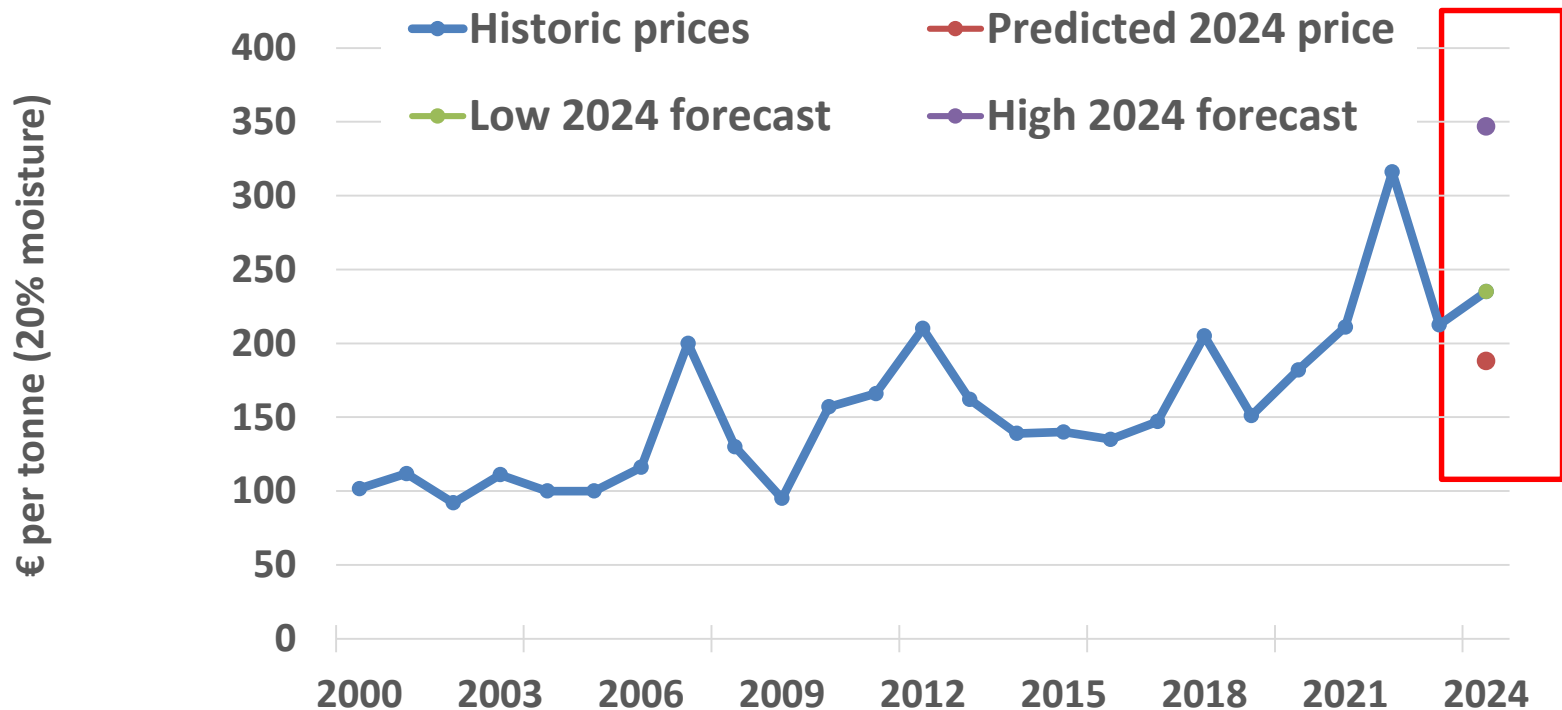


# 2024 – The Calculations



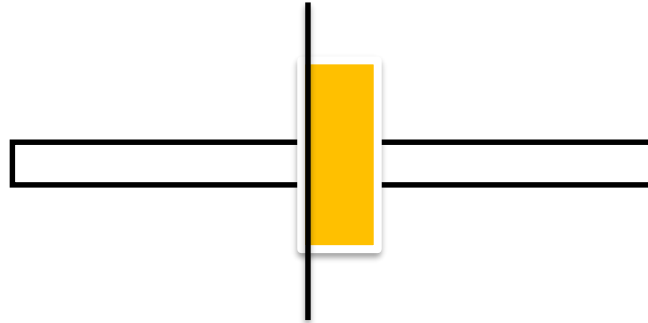


# 2024 Futures Wheat Harvest Price to Increase (by < 10%)



Source: Authors' own estimates and forecasts

# 2024 Futures Harvest Price to Increase

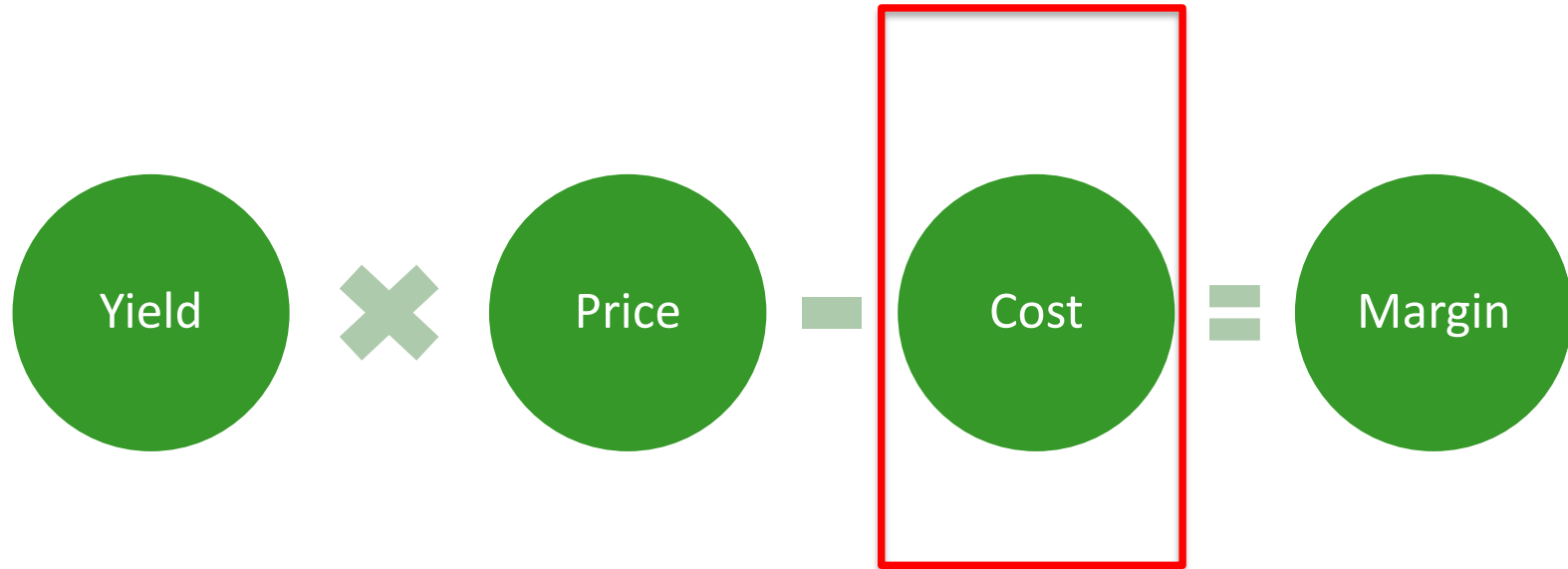


*Trend yield for EU wheat & barley  
Overall EU area planted*

Positive 10%

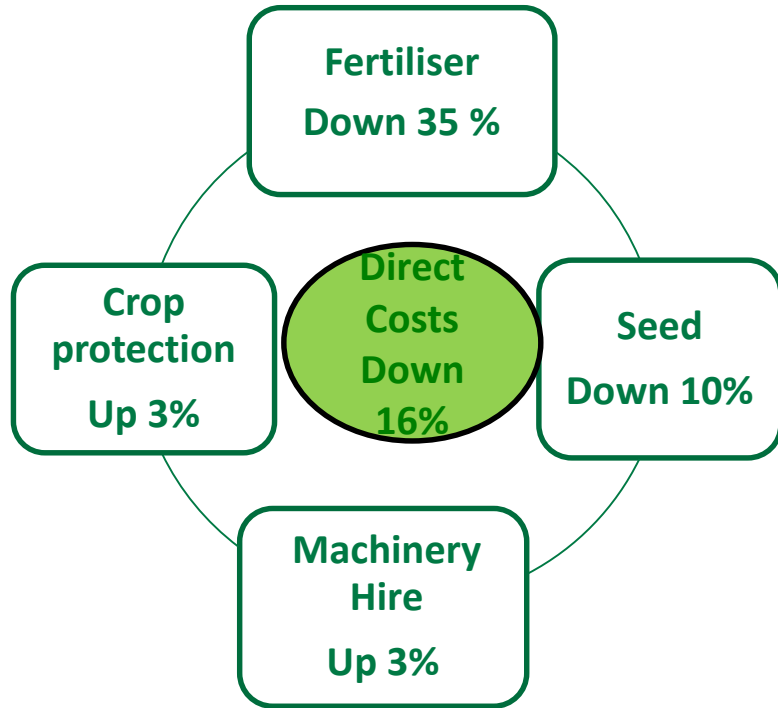
*Decrease in winter cereal area  
Wheat ending stock situation  
Winter barley crop in Ireland'  
'Grain quality and moisture'  
'El Niño weather'*

# 2024 – The Calculations

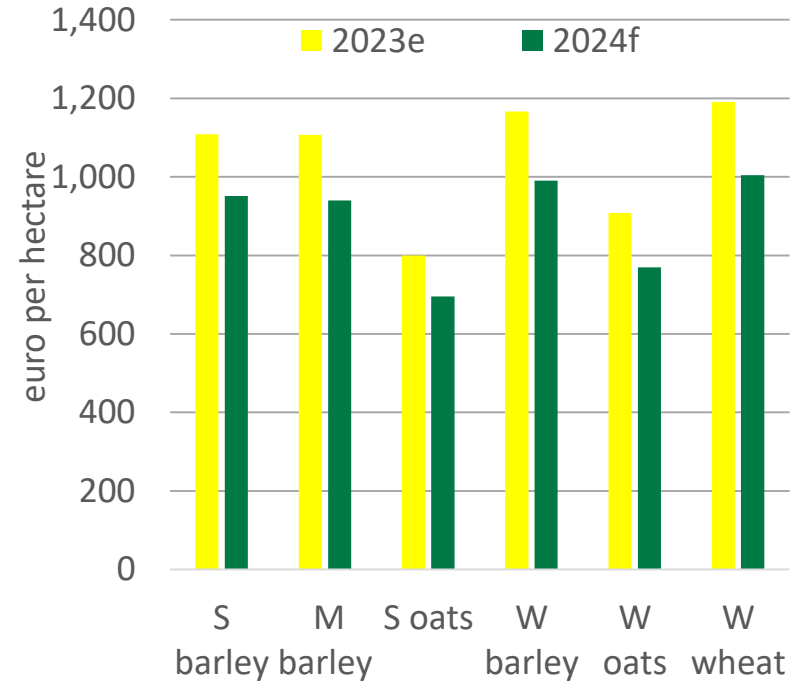


# Overall decrease in direct costs in 2024

## 2023 direct costs per hectare



## 2024 direct costs per hectare



Source: Authors' estimate for 2023 and forecast for 2024

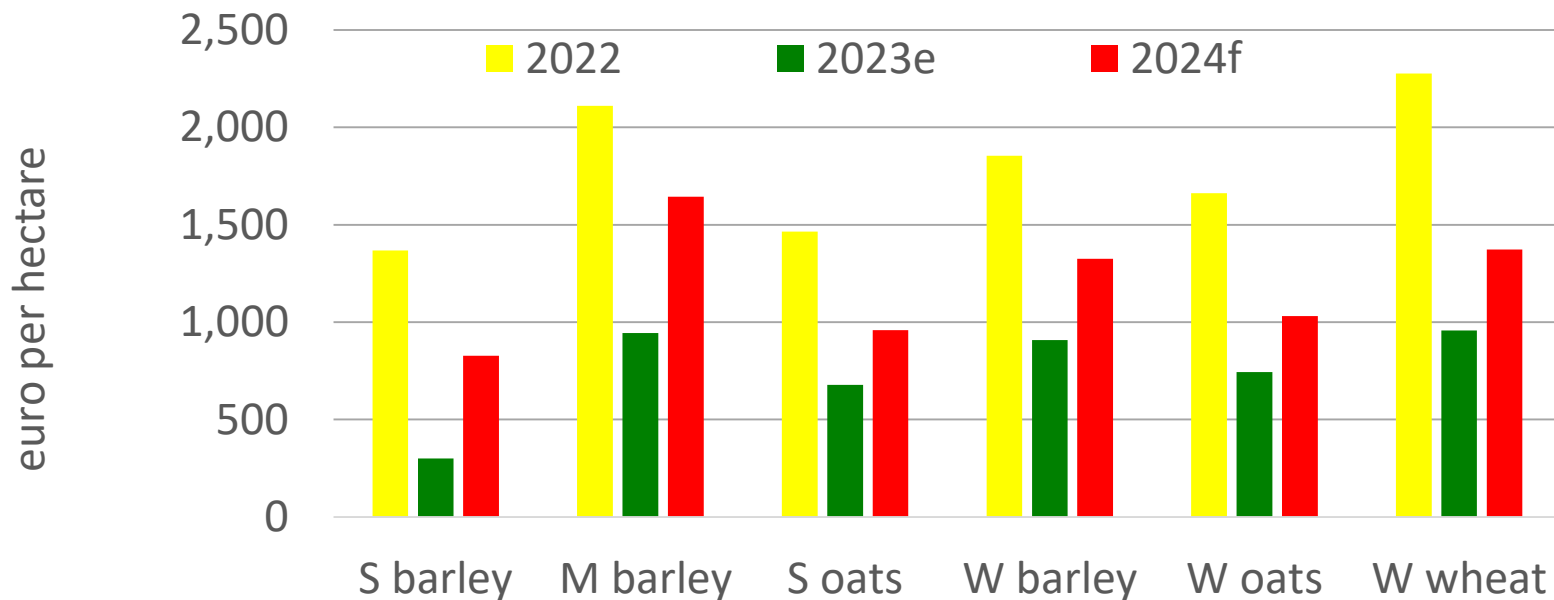


# 2024 – The Calculations



# Increase in 2024 Gross Margins

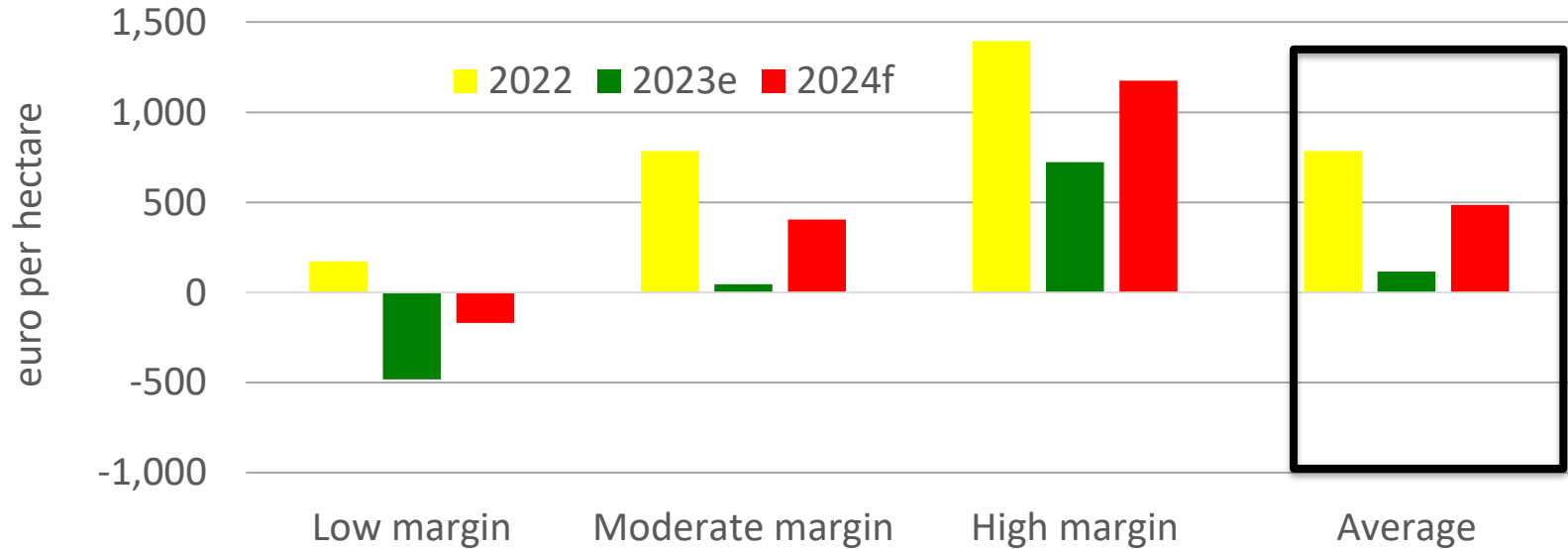
**Gross margin per hectare to increase by €530 for spring barley and €415 for winter wheat and winter barley**



Source: Authors' estimate for 2023 and forecast for 2024

# Increase in 2024 Net Margins

**Net margin per hectare forecast to increase by approx. €370 per hectare**



Source: Authors' estimate for 2023 and forecast for 2024

# Summary of 2024 Crops Forecast

## ■ Forecast 2024

- Prices
  - Probability that price will increase at harvest 2024 by approx. 10%
  - Much uncertainties about 2024 price at present
- Reversion to trend yields – increase in Irish yields
- Direct costs to decrease by on average 16%
- Overall increase in gross and net margins in 2024
- Average net margin for cereal enterprise €485 in 2024
- Average cereal based net margin will be negative on approx. 25% of specialist tillage farms



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# THANK YOU



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camera to access  
the full report

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