



# Dairy Outlook 2021

Trevor Donnellan



# Dairy Outlook 2021



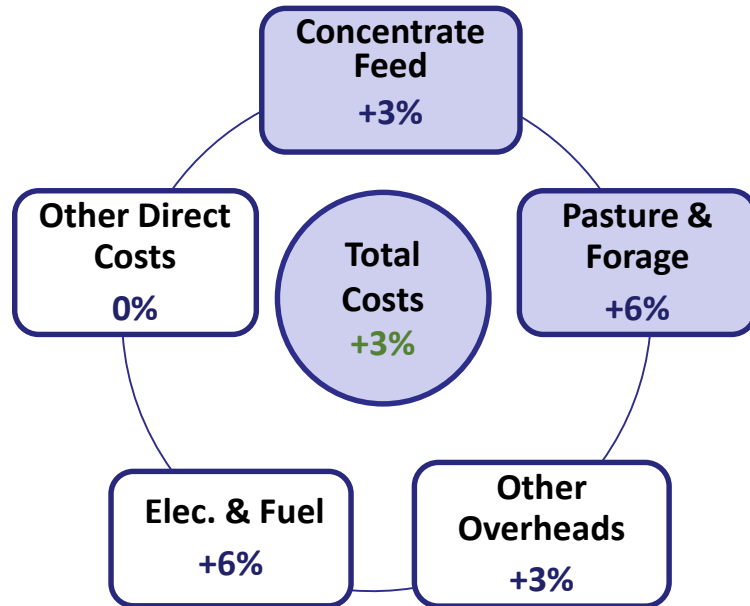
- **Global dairy markets**
  - Continuing **supply growth**
  - Matched by **demand growth** (assuming COVID-19 abates)
  - Relatively **stable international dairy price outlook**
- **Irish dairy sector outlook**
  - Production **volume forecast +3%**
  - Irish milk price outlook slightly positive
 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

**2021**

# Dairy input costs to rise in 2021

## Costs per litre 2021f

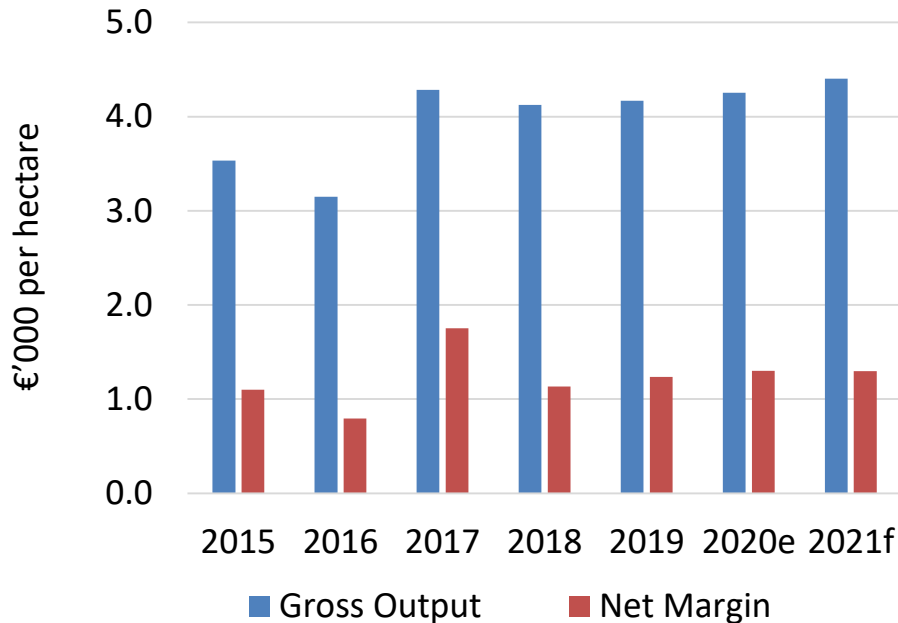
Expenditure change relative to 2020



- 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

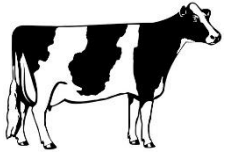
# 2021 Dairy Summary



3% increase in milk production



3% increase in costs per litre (25.2c)



3% increase in dairy cow population



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



Marginal rise in milk price (Brexit Deal)



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**