

# Outlook 2023

Trevor Donnellan

December 13<sup>th</sup> 2022

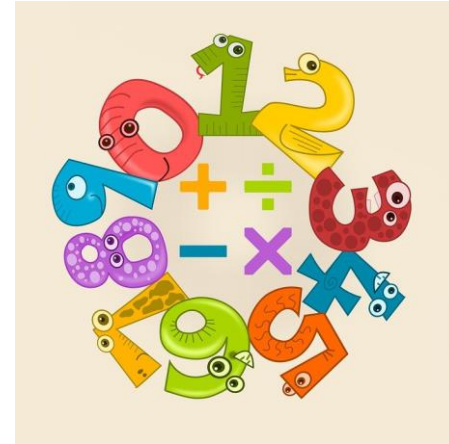


@TrevorDonnellan



# Key Points to Understand about Farm Income

- Reminder !
- Individual farms have multiple enterprises
  - i.e. a farm can produce multiple outputs
- **Our focus has been enterprise Margin analysis**
  - focuses on a farm's **principal output and its margin**
- To calculate **Farm Income for each Farm type**
  - **Sum the margins** from the enterprises by farm type
  - **Add the value of decoupled supports**



# 2022

## JANUARY

mon	tue	wed	thu	fri	sat	sun
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

## FEBRUARY

mon	tue	wed	thu	fri	sat	sun
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28						

## MARCH

mon	tue	wed	thu	fri	sat	sun
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

## APRIL

mon	tue	wed	thu	fri	sat	sun
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

## MAY

mon	tue	wed	thu	fri	sat	sun
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

## JUNE

mon	tue	wed	thu	fri	sat	sun	
			1	2	3	4	5
6	7	8	9	10	11	12	
13	14	15	16	17	18	19	
20	21	22	23	24	25	26	
27	28	29	30				

## JULY

mon	tue	wed	thu	fri	sat	sun
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

## AUGUST

mon	tue	wed	thu	fri	sat	sun
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

## SEPTEMBER

mon	tue	wed	thu	fri	sat	sun	
				1	2	3	4
5	6	7	8	9	10	11	
12	13	14	15	16	17	18	
19	20	21	22	23	24	25	
26	27	28	29	30			

## OCTOBER

mon	tue	wed	thu	fri	sat	sun
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

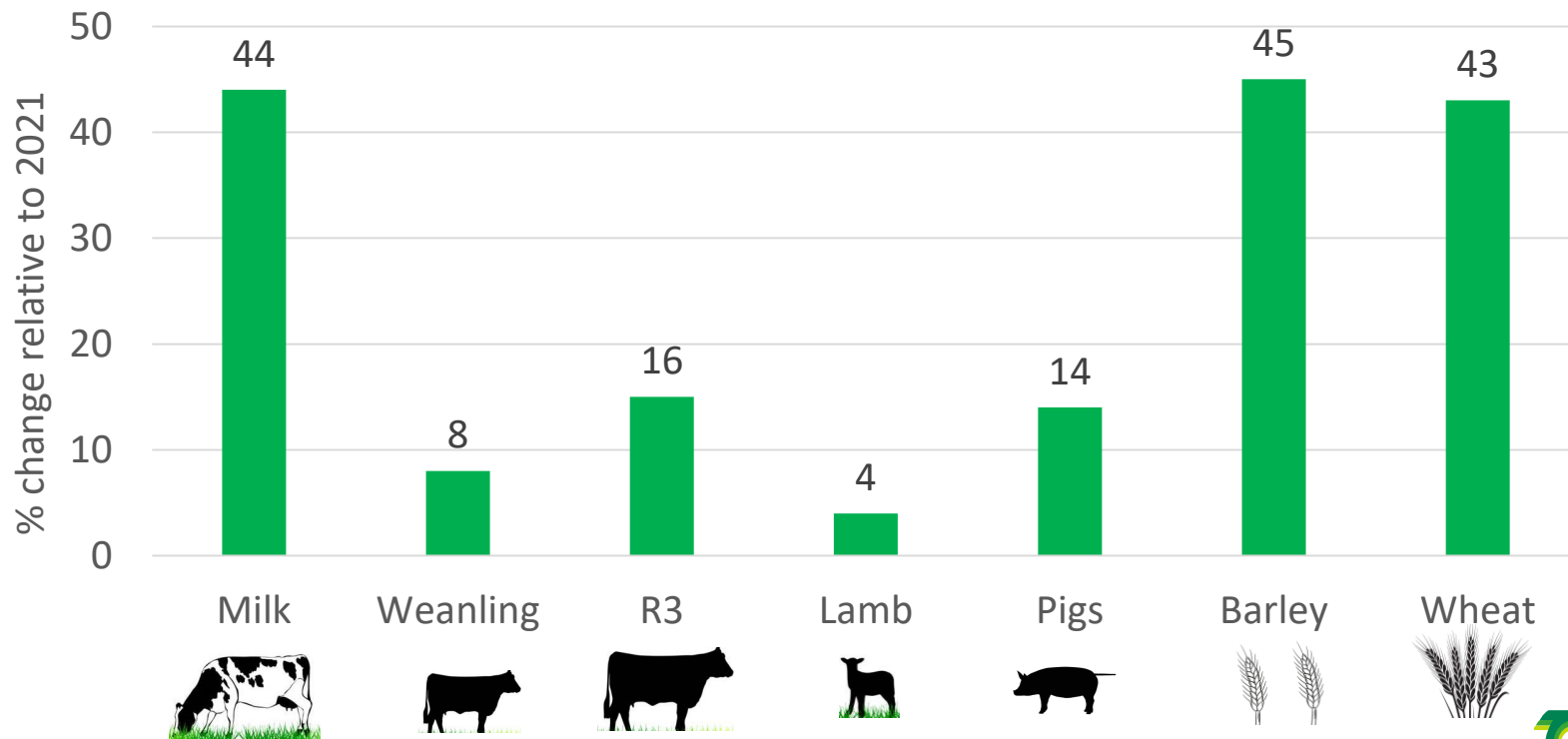
## NOVEMBER

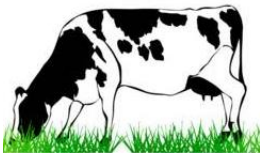
mon	tue	wed	thu	fri	sat	sun
	1	2	3	4	5	6
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14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

## DECEMBER

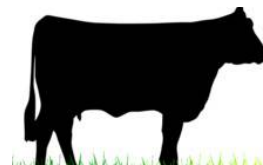
mon	tue	wed	thu	fri	sat	sun	
				1	2	3	4
5	6	7	8	9	10	11	
12	13	14	15	16	17	18	
19	20	21	22	23	24	25	
26	27	28	29	30	31		

# Percentage Price Change 2022e vs 2021





# Review of 2022



## Dairy

- Extraordinary increase in milk price
  - ↑ 44% vs 2021
- Stable milk production
  - ↑ <1% vs 2021
- Feed, fertiliser and fuel prices
  - ↑ all on the increase
- Margins ↑ **substantially**
- \*Average income
  - € 148,000 (↑ 50%)

## Cattle

- Higher cattle prices
  - ↑ 16% for Prime Cattle vs 2021
  - ↑ 8% for Young Cattle vs 2021
- Production volume ↑
- Feed, fertiliser and fuel prices
  - ↑ all on the increase
- Margins ↓
- \*Average CR income
  - € 8,700 (↓ 20%)
- \*Average CO income
  - € 16,900 (↓ 2%)

# Review of 2022



## Sheep

- Slight increase in lamb price
  - ↑ 4% vs 2021
- Increase in lamb/sheep slaughter
  - ↑ 5% vs 2021
- Feed, fertiliser and fuel prices
  - ↑ all on the increase
- **Margins ↓**
- \*Average Sheep income
  - **€ 19,900** (↓ 4%)



## Tillage

- Cereal prices substantially higher
  - ↑ >40% vs 2021
- Production up slightly
  - ↑ 4% vs 2021
- Fertiliser, fuel prices and other inputs
  - ↑ all on the increase
- **Margins ↑ substantially**
- \*Average Tillage income
  - **€ 64,000** (↑ 10%)

\*2022 figures are estimates. Actual figures will be available from NFS in mid 2023

# Review of 2022



## Pigs

- Increase in pig price
  - ↑ 14% vs 2021
- Increase in pig slaughter
  - ↑ 3% vs 2021
- Feed and energy prices ↑ sharply
  - Feed prices ↑ 34% vs 2021
- **Margins ↓ substantially**
  - ↓ 36% vs 2021

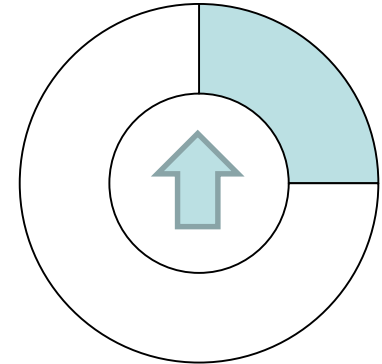
# Income estimate for 2022



- **Output Prices**
  - ↑ substantially for milk, cereals
  - ↑ significantly for pigs, prime cattle
  - ↑ slightly for lamb, young cattle
- **Output Volumes**
  - ↑ for cereals, cattle, sheep
  - ↔ for milk
  - ↓ for pigs
- **Output Value**
  - ↑ substantially
- **Input Expenditure**
  - Total Costs ↑ significantly
  - Prices ↑ for feed, fertiliser & fuel

- **Support payments**
  - Payments ↑ 5% in 2022
  - Fodder Support Scheme
  - Tillage measures

## Average NFS Farm Income

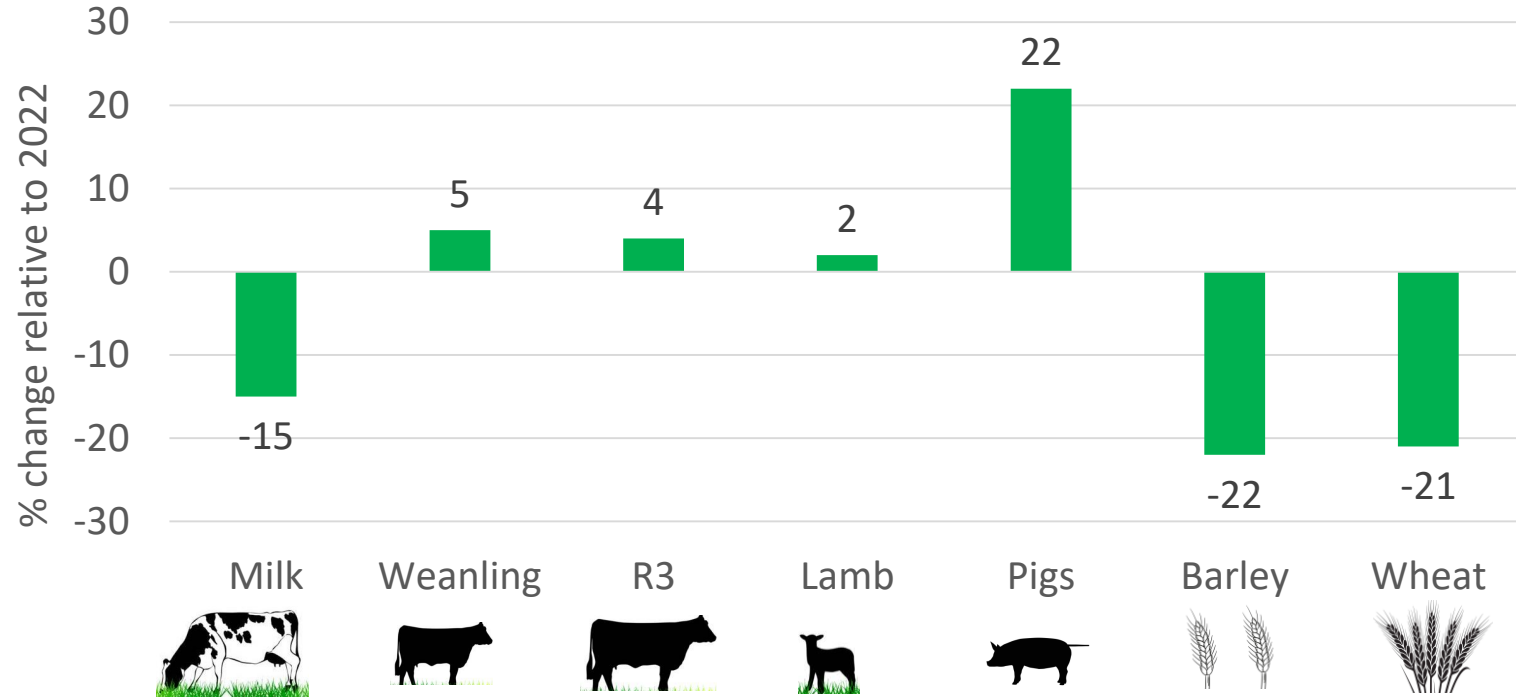


Up 25%





# Percentage Price Change 2023f vs 2022e





## Dairy

- Lower Milk price ↓ 15%
- Higher Milk production
  - ↑ 4% vs 2022
- Fertiliser prices
  - ↔ vs 2022
- Feed prices ↑ 10%
- Fuel prices ↓ 18% (farm diesel)
- Margins ↓ significantly
- \*Average income
  - € 104,000 (↓ 30%)

# Outlook of 2023



## Cattle

- Minor cattle price changes
  - ↑ 4% Prime Cattle vs 2022
  - ↑ 5% Young Cattle vs 2022
- Production volume ↔
- Fertiliser prices
  - ↔ vs 2022
- Margins ↑ slightly
- Support payments ↑
- \*Average CR income
  - € 9,700 (↑ 11%)
- \*Average CO income
  - € 17,300 (↑ 2%)

\*2023 figures are forecasts contingent on assumptions

# Outlook for 2023



## Sheep

- Slight increase in lamb price
  - ↑ 2% vs 2022
- Feed prices ↑ 10%
- Fertiliser prices
  - ↔ vs 2022
- Margins ↓ slightly on the 2022 level
- Support payments ↑
- Average Sheep income
  - € 19,500 (↓ 2%)



## Tillage

- Cereal prices down significantly
  - ↓ 21% vs 2022
- Yields ↓
  - trend yield assumed
- Fertiliser prices
  - ↑ 10% vs 2022
- Fuel prices ↓ 18% (farm diesel)
- Margins ↓ substantially
- Support payments ↑
- Average Tillage income
  - € 33,000 (↓ 48%)

# Outlook for 2023



## Pigs

- Rise in pig prices
  - ↑ 22% vs 2022
- Decrease in pig slaughter
  - ↓ 5% vs 2022
- Feed prices up slightly
  - ↑ 3% vs 2022
- Margins up substantially
  - ↑ 135% vs 2022

# Income forecast for 2023



- **Output Prices**

- ↑ for cattle, sheep, pigs
- ↓ for milk and cereals

- **Output Volumes**

- ↑ for milk
- ↔ for cattle, sheep,
- ↓ for cereals, pigs

- **Output Value**

- ↓ considerably

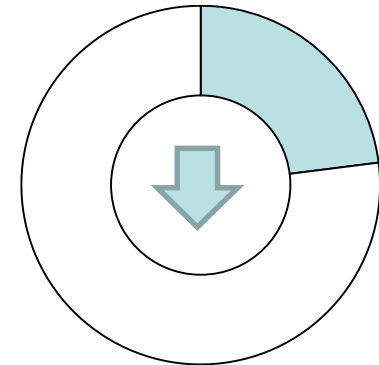
- **Input expenditure**

- Total Costs ↑ slightly
- Price ↑ for feed
- Price ↔ for fertiliser
- Price ↓ for fuel
- Volume changes limited

- **Support payments**







- Up on the 2022 level
- Additional exchequer support in new CAP

## Average NFS Farm Income



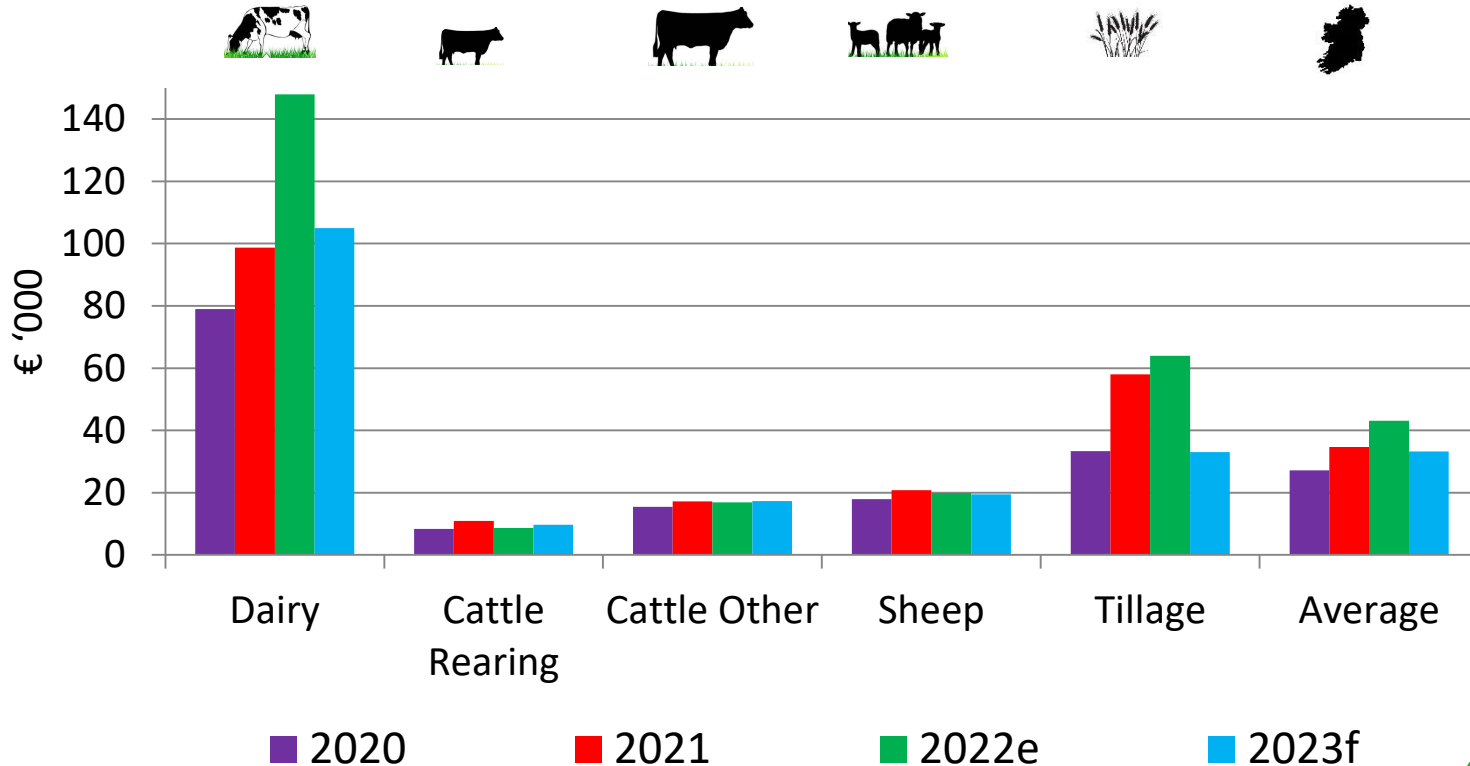
down 23%

# NFS Family Farm Income 2020, 2021, 2022e & 2023f

		2020	2021	2022e	2023f	2022e vs 2021	2023f vs 2022e
		'000 Euro				% change	% change
Dairy		79.0	98.7	<b>148.0</b>	<b>104.0</b>	+50	-30
Cattle Rearing		8.4	10.9	<b>8.7</b>	<b>9.7</b>	-20	11
Cattle Other		15.5	17.2	<b>16.9</b>	<b>17.3</b>	-2	2
Sheep		17.9	20.8	<b>19.9</b>	<b>19.5</b>	+4	-2
Tillage		33.3	58.0	<b>64.0</b>	<b>33.0</b>	+10	-48
<b>Average</b>		27.2	34.7	<b>43.1</b>	<b>33.2</b>	+25	-23

Note: Figures are rounded for the purposes of presentation

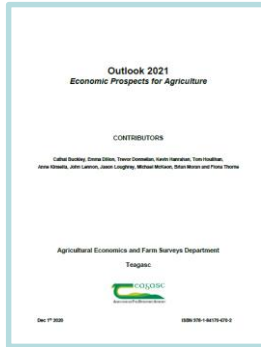
# NFS Family Farm Income 2020, 2021, 2022e & 2023f





# Need to know more?

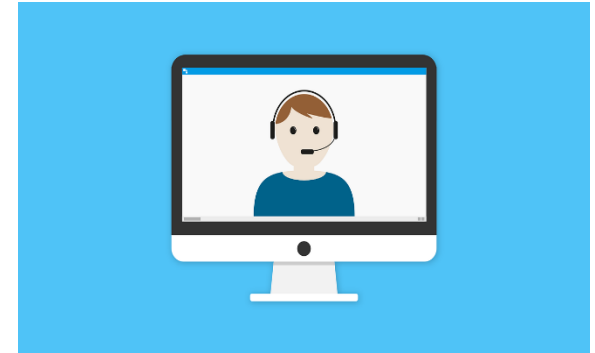
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Detailed report



Slides



Webinar

End