Teagasc National Farm Survey 2022

Mid-Season Lowland Lamb Enterprise Factsheet

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Teagasc
Athenry
Co Galway
H65 R718
Ireland

Mid Season Lowland Lamb Factsheet
Average Performance 2022

Irish Sheep Slaughter
3.197 million head (up 7.6%)

Stocking Rate
(Mid Season Lowland)
7.23 ewes/ha (down 3%)

Irish Lamb Slaughter
2.74 million head (up 5.9%)

Weaning Rate
(Mid Season Lowland)
1.36 lambs/ewe (down 2%)

Sheep Meat Exports
75,000 tonnes cwe (up 10%)

Lamb Mortality
(Mid Season Lowland)
6% (unchanged)

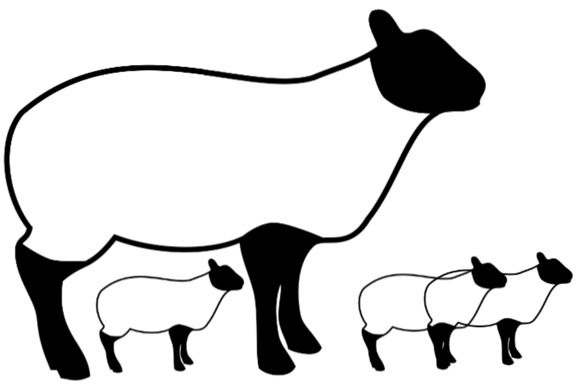
Irish Breeding Sheep
3.05 million (up 5%)

Lambs Weaned/ ha
(Mid Season Lowland)
10.10 lambs/ha (down 3%)

Lamb price
€674/100kg (up 1.5%)

Lamb Carcass kg per ha
down 3% on 2021 level

Total Production Costs
(Mid Season Lowland)
€191 per ewe (up 16%)
€1,367 per ha (up 13%)



Gross Margin
(Mid Season Lowland)
€861 per hectare (down 7%)

Net Margin
(Mid Season Lowland)
€131 per hectare (down 54%)

Source: Teagasc National Farm Survey 2022 and Central Statistics Office
Note: Percentage changes are relative to 2021

Background

The 2022 Teagasc National Farm Survey (NFS) recorded data on over 795 farms, representative of 85,860 dairy, beef, sheep and tillage farms in Ireland. The full financial results for these farms are available in the Teagasc NFS 2022 Report, which is available at National Farm Survey 2022 This factsheet summarises results for farms with a mid-season lamb enterprise and only sheep farms with more than 20 ewes are included in the analysis. The data relates to 101 farms and is nationally representative of 12,288 farms.

1. Analysis of Financial Performance

The margin figures reported here exclude all decoupled payments and costs relating to family labour. Following an increase in sheep margins in 2021, a substantial decline in margins occurred in 2022 to bring margins almost back to margins earned in 2020 and previous years. Gross output in 2022, at €1498 per hectare, was on par with 2021 year, with a slight gain of 0.2%. Lamb prices remained favourable year on year and despite a 6% decline in coupled payments firm output prices held gross output steady. Concentrate feed expenditure increased by 11%, with pasture and forage and other direct costs increasing by 27 and 1% respectively, resulting in total direct costs increasing by 12%, to €637 per hectare in 2022. Overhead costs in 2022 were 13% higher, at €730 hectare on average. Total production costs increased by 13% year on year, to €1,367 per hectare. Overall, gross margin declined by 7% in 2022, to €861 per hectare on average, while net margin in 2022 declined substantially, to €131 per hectare, a 54% decline on 2021.

Table 1: Average gross margin and net margin per hectare in 2021 and 2022: Mid-Season Lamb

	2021 € per hectare	2022 € per hectare	2022/2021 % change
Coupled payments	50	47	-6
Gross Output	**1,495**	**1,498**	**-**
Concentrate Costs	242	268	+11
Pasture and Forage Costs	158	200	+27
Other Direct Costs	167	169	+1
Total Direct Costs	567	637	+12
Gross Margin	**928**	**861**	**-7**
Energy and Fuel	147	177	+21
Other Fixed Costs	498	553	+11
Total Fixed Costs	**644**	**730**	+13
Total Costs	**1,212**	**1,367**	**+13**
Net Margin	**284**	**131**	**-54**

Source: Teagasc National Farm Survey 2022

Table 2 presents the average gross and net margin per ewe for 2021 and 2022, reflecting a three-fold decline in net margin per ewe in 2022 to €12 per ewe (more in line with 2020 year margin of €11 per ewe).

Table 2: Average, gross and net margin per ewe in 2021 and 2022: Mid-Season Lamb

		2021	2022	2022/2021 % change
Gross Output	€ per ewe	**202**	**203**	**+1**
Total Direct Costs	€ per ewe	76	89	+17
Gross Margin	€ per ewe	**126**	**114**	**-9**
Total Fixed Costs	€ per ewe	89	102	+14
Net Margin	€ per ewe	**36**	**12**	**-66**

Source: Teagasc National Farm Survey 2022

This follows on from a high net margin of €36 per ewe in 2021, which was a most favourable year for lamb prices, with the next most recent favourable net margin year in 2017 (€23 per ewe).

2. Variation in Financial Performance

Table 3 summarises results for farms classified on the basis of gross margin per hectare; the best performing one-third of farms (Top), the middle one-third (Middle) and the poorest performing one-third (Bottom). Due to higher stocking and weaning rates, output on the Top farms is almost three times that on the Bottom performing farms. Interestingly, there has been an improvement in concentrate feed expenditure for the bottom group of farmers. For 2021 year, we noted that expenditure on concentrate feed directly related to the sheep enterprise was highest on the bottom group (per hectare) when compared to the top and middle group of farms, but this has been reversed in the 2022 year data. The superior efficiency and productivity performance of the top group in comparison to the other two groups results in a gross margin per hectare of €1,509, over five and a half times higher on the top farms compared to the bottom group.

Table 3: Variation in output and profit: Top, Middle, Bottom thirds Mid-Season Lamb producers 2022

		Top	Middle	Bottom
Stocking rate	ewes per hectare	9.51	7.33	4.92
Weaning rate	lambs per ewe	1.56	1.30	1.23
Gross Output	€/hectare	2,273	1,444	797
Concentrates	€/hectare	328	251	227
Pasture and Forage	€/hectare	241	202	159
Other Direct Costs	€/hectare	196	170	141
Total Direct Costs	€/hectare	765	623	527
Gross Margin	**€/hectare**	**1,509**	**821**	**270**

Source: Teagasc National Farm Survey 2022

The proportion of farms achieving higher gross margins per hectare in 2021 increased substantially, to unprecedented levels, with the majority of sheep meat producers (80%) earning more than €750 per hectare. For 2022 year, the proportion in this category declined slightly, with 73% of all farms earning a margin of greater than €750 per hectare. The proportion of farms in the over €500-€750 per hectare category was slightly higher than earlier years, at 20 percent. High gross output impacted positively on the distribution of the gross margin for 2022, but for the lower margin categories in particular output was insufficient to cover the input cost increases, with the < 300 margin category increasing from 13% of farms in 2021 to 20% of farms for 2022 year.

Table 4: Distribution of gross margin € per hectare: 2021 and 2022

Gross Margin	% of farms 2021	% of farms 2022
<300	13	20
300 to 500	8	7
>500 to 750	17	20
>750 to 1,000	16	16
>1,000	47	37

Source: Teagasc National Farm Survey 2022

3. Variation in Technical Performance

Table 5 presents a number of technical performance indicators for sheep producers. Stocking rate declined by 3%, bringing it back in line with 2020 (following an increase of 3% in 2021 year). The weaning rate declined slightly, but it still remained on par with earlier years. For 2022 year, technical performance is relatively unchanged on previous years. This follows a year on year improvement in technical performance in 2021 year, reflected in an increase in carcass output per hectare, albeit a small increase.

Table 5: Technical performance indicators sheep farms in 2021 and 2022

		2021	2022	2022/2021 % change
Stocking rate	ewes per hectare	7.46	7.23	-3
Weaning rate	lambs per ewe	1.39	1.36	-2
Lamb mortality	%	6	6	-
Lambs weaned	No. lambs per hectare	10.45	10.10	-3
Lamb carcass weight	kg per hectare	209	202	-3

Source: Teagasc National Farm Survey 2022

The proportion of sheep farms attaining the Teagasc Sectoral Road Map targets for sheep production in 2027 is presented in Table 6. In line with the findings above, the proportion of sheep producers reporting a lamb mortality rate of less than 8% declined slightly to 71% in 2022. In addition, 67% of farms reported more than 96% of ewes lambed, with this proportion reflecting a slight year on year increase from 2021 year, at 61%. The proportion of farms weaning more than 1.55 lambs per ewe in 2022 declined by 8 percentage points, while the share of farms reporting a stocking rate of at least 9 ewes per hectare increased by 6 percentage points, to 28%.

On the environmental Teagasc Sectoral Road Map targets for sheep production, 86% of farms reported N application per hectare of less than 85kg for 2021, increasing by 9 percentage points from the previous year. The percentage applying protected urea declined from 11 to 6% in 2022. The data recording in relation to the application of LESS (Low Emissions Slurry Spreading) took place for the first time in 2021. The sheep enterprise level data indicates that 27% of farms adopted this technique in both years, 2021 and 2022.

Table 6: Percentage of farms achieving selected Teagasc 2027 Sheep Road Map Targets

Teagasc Road Map 2027 Target	2021	2022
Lamb Mortality ≤ 8%	77	71
Ewes lambed ≥ 96%	61	67
Weaning rate: > 1.55	32	24
Stocking rate > 9 Ewes per hectare	22	28
Nitrogen Fertiliser per Hectare < 85 kg	67	86
Percentage applying protected urea	11	6
Percentage slurry applied by LESS	27	27

Source: Teagasc National Farm Survey 2022

Table 7 illustrates the relatively small flock size across farms, with almost 60% of all flocks below 100 ewes in 2022. Flocks of less than 100 ewes were responsible for over half of the lambs (53%) produced across farms in 2022. The previous years' shift towards larger flock sizes (100-150 ewes), was somewhat reversed in 2022 and earlier years, down from almost 31% of flocks in 2019, to 25% and 23% of flocks respectively in 2021 and 2022. The percentage of lamb produced by this flock size category consequently also decreased slightly year on year to 24% in 2022, down from 28% in both 2019 and 2020. Just 19% of farms had flocks of more than 150 ewes in 2022, with these flocks producing 23% of lamb, equivalent to 2021 year for this >150 ewe category.

Table 7: Distribution of flock size 2022

	% of flocks	% of lamb produced
<50	27	27
50-100	32	26
>100-150	23	24
>150	19	23

Source: Teagasc National Farm Survey 2022

For further information on this publication or other Teagasc National Farm Survey Publications, please contact NFS@teagasc.ie