Teagasc National Farm Survey 2018

Cattle Finishing
Enterprise Factsheet

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Athenry
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Ireland

Irish Cattle Finishing Enterprise 2018
Average performance

Irish Cattle Slaughter
1.90 million head (up 2%)

Stocking Rate (Cattle Finishing)
average of 1.46 LU/ha (down 2%)

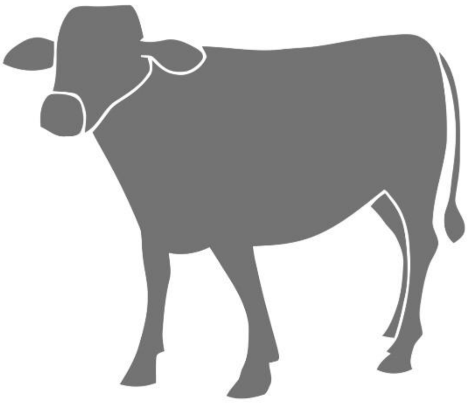
Live Exports
246,629 head (up 31%)

Concentrate Fed/LU (Cattle Finishers)
average 774 kg (up 17%)

Irish Suckler Cow Numbers
0.98 million (down 3%)

Slaughter Weight/Head
average 328 kg (down 1%)

Weanling purchase price
average €780/head (down 7%)



Female Store purchase price
average €852/head (down 7%)

Male Store purchase price
average €952/head (unchanged)

Male Finished Animals Price
average €1,475 per head (unchanged)

Total Production Costs (Cattle Finishing)
average €1,189 per hectare (up 13%)

Female Finished Animals Price
average €1,272 per head (up 1%)

Gross Margin (Cattle Finishing)
average €420 per hectare (down 12%)

Source: Teagasc National Farm Survey, Central Statistics Office and Dept. of Agriculture, Food and the Marine

Background

The 2018 Teagasc National Farm Survey (NFS) recorded data on 897 farms. The performance of the cattle finishing enterprise in 2018 is summarised here and is based on data for 115 farms. An enterprise is defined as cattle finishing if over 70% of the animals are sold for slaughter. Approximately 14,000 farms nationally are represented in this analysis. The data presented here are for enterprises with more than 10 livestock units (LU) in 2018.

1. Analysis of Financial Performance

The profit figures reported here exclude all decoupled payments and any costs relating to family labour. In 2018, gross output on cattle finishing farms increased by 5% on average to €1,097 per hectare. A 34% average increase in concentrate costs contributed towards a 20% increase in total direct costs. Pasture and forage costs increased by 9%. The increase in costs surpassed the increase in gross output, leading to a 12% decline in gross margin in 2018 to €420 per hectare. Total fixed costs increased by 4% on average in 2018, with some of this increase due to a 6% increase in energy and fuel costs. Net margin per hectare on cattle finishing farms was -€92 per hectare on average in 2018, a substantial decrease on the net margin (€-14 per hectare) returned in 2017.

Table 1: Average gross margin and average net margin 2017 and 2018

	2017 € per hectare	2018 € per hectare	2018/2017 % change
Gross Output	**1,044**	**1,097**	**5**
Concentrate Costs	262	350	34
Pasture and Forage Costs	223	242	9
Other Direct Costs	80	85	6
Total Direct Costs	**565**	**676**	**20**
Gross Margin	**479**	**420**	**-12**
Energy and Fuel	113	120	6
Other Fixed Costs	379	393	4
Total Fixed Costs	492	513	4
Net Margin	**-14**	**-92**	**n/a**

Source: Teagasc National Farm Survey 2018

Table 2 illustrates that on a per LU basis, gross output increased 4% to €697/LU in 2018, with gross margin decreasing 11% to €273/LU on average. Total costs increased with the net margin on a per LU basis declining to -€75 in 2018.

Table 2: Average, gross and net margin 2017 and 2018

	2017 € per LU	2018 € per LU	2018/2017 % change
Gross Output	**671**	**697**	**4**
Total Direct Costs	366	424	16
Gross Margin	305	273	-11
Total Fixed Costs	334	348	4
Net Margin	**-29**	**-75**	**n/a**

Source: Teagasc National Farm Survey 2018

Table 3 presents the average purchase and sales prices recorded on cattle finishing farms for the various animal types in 2017 and 2018. Prices for cattle purchases declined by 7% for weanlings and female stores relative to the levels observed in 2017. This indicates that the increase in average gross output was at least partially attributable to lower prices for purchased weanlings and female store animals. Prices for sales changed little on the levels observed in 2017 with a 1% increase in female sales prices and no change in male sales prices.

Table 3: Animal purchase and sale prices 2017 and 2018

	2017 € per head	2018 € per head	2018/2017 % change
Weanlings Purchases	838	780	-7
Male Stores Purchases	952	952	0
Female Stores Purchases	913	852	-7
Finished Males Sales	1,473	1,475	0
Finished Females Sales	1,263	1,272	1

Source: Teagasc National Farm Survey 2018

2. Variation in Financial Performance

Table 4 summarises results for farms classified on the basis of gross margin per hectare; with cattle finishing farms broken into the best performing one-third of farms (Top), the middle one-third (Middle) and the poorest performing one-third (Bottom). The value of gross output per hectare varies considerably across the three groups, mostly due to differences in stocking rates (LU/hectare). Gross margin on the Top farms in 2018 was more than 11 times higher than for the Bottom group of farms. In 2018, total direct costs on the more intensively stocked Top performing farms were approximately 140% higher than total direct costs of the less intensively stocked Bottom group.

Table 4: Costs and profit by Top, Middle and Bottom Cohorts in 2018

		Top	Middle	Bottom
Stocking rate	LU/hectare	1.92	1.34	1.14
Farms on Very Good soils	% of Farms	68	82	47
Gross Output	€/hectare	1,961	821	539
Concentrates	€/LU	332	118	175
Pasture and Forage	€/hectare	298	217	212
Other Direct Costs	€/hectare	131	67	58
Total Direct Costs	€/hectare	1,117	463	465
Gross Margin	€/hectare	845	358	74

Source: Teagasc National Farm Survey 2018

The average sale and purchase prices recorded for the various animal types traded by the Top, Middle and Bottom cattle finishing farms are presented in Table 5. The variation in finished sale prices is narrower than that evident for store purchase prices. It is evident that the Bottom performing group purchased weanlings and store animals at higher prices than the Top and Middle performing groups.

Table 5: Average purchase and sale prices for Top, Middle and Bottom

	Top	Middle	Bottom
		€ per head	
Weanlings Purchases	779	766	798
Male Stores Purchases	950	908	1,060
Female Stores Purchases	772	923	948
Finished Males Sales	1,508	1,412	1,478
Finished Females Sales	1,266	1,265	1,290

Source: Teagasc National Farm Survey 2018

3. Variation in Technical Performance

Table 6 presents selected technical performance indicators for cattle finishing enterprises in 2017 and 2018. Concentrate feed usage (per livestock unit) in 2018 was up 17% year-on-year and labour efficiency (LU per labour unit) decreased by 7%. The very large increase in concentrate feed uses reflects the impact of the drought experienced during the summer of 2018.

Table 6: Technical Performance Indicators 2017 and 2018

		2017	2018	2018/2017 % Change
Concentrate feed usage	kg per LU	661	774	17
Stocking rate	LU per hectare	1.49	1.46	-2
Labour efficiency	LU per labour unit	52	49	-7

Source: Teagasc National Farm Survey 2018

There was an increase in the proportion of cattle finishing farms earning a negative gross margin in 2018 (i.e. where output value was less than the direct costs of production) with the share rising from 8% to 10%. There was an increase year-on-year in the proportion of farms earning a gross margin of between €0 and €150 per hectare, where the percentage of farms increased from 8% to 15%. A large decrease in the proportion of farms earning a gross margin of greater than €500 per hectare is evident with the percentage of farms in this category decreasing from 42% to 30%.

Table 7: Distribution of gross margin per hectare 2017 and 2018

Gross Margin	% of farms 2017	% of farms 2018
<€0 per hectare	8	10
€0-€150 per hectare	8	15
€150-€300 per hectare	17	16
€300-€500 per hectare	26	28
>€500 per hectare	42	30

Source: Teagasc National Farm Survey 2018

Methodological Note: Updated 2017 population weights

Note that the data reported for 2017 in this factsheet supersede that reported in the NFS Cattle Finishing Enterprise Factsheet 2017. This is due to the effect of a reweighting procedure applied to the survey data.

The CSO conducts a Census of Agriculture every 10 years to record the population of farms and the structure of farming in Ireland. Farm Structure Surveys (FSS) are conducted, in the intervening periods, to produce estimates of the total farm population. The 2016 FSS estimated the farming population falling within the sampling frame of the Teagasc NFS to be 92,720. As a result of the structural change on farms since the previous FSS (2013), we have reweighted the 2017 Teagasc NFS data to take account of this.

Additionally, output price inflation has also led to an increase in the number of farms represented by the Teagasc NFS, with a larger share of the total farm population meeting the €8,000 standard output threshold for coverage within the survey. This also has an effect on margin and income estimates.

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