



The Thinking House
INSIGHT CENTRE

Meat and Livestock Review & Outlook 2015/16



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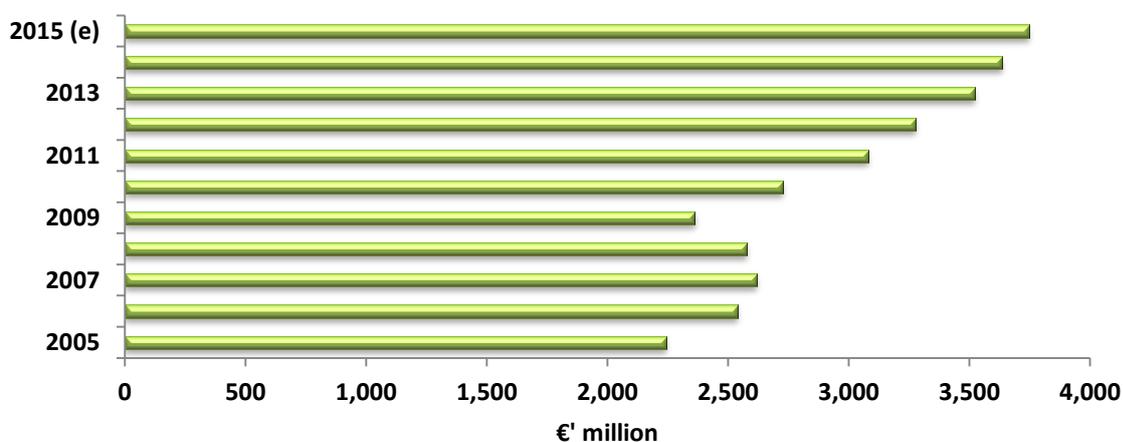
SUMMARY

Increase in value of meat and livestock exports

Despite the difficult market environment for some meats in 2015, most notably pigmeat, the value of meat and livestock exports grew by 2% to over €3.7 billion. This equates to over 32% of total food and drink exports. The value of overall beef exports grew by 6% reaching €2.41 billion. The volume of beef available for export stood at around 510,000 tonnes while average prices rose by around 11%. Following a reduction in supplies in 2015, forecasts are pointing to a significant recovery in supply in the short term particularly from autumn onwards. However consumer demand is relatively steady across the EU but much will depend on supply issues, competitiveness and currency fluctuations in our key export markets.

There were increased pigmeat volumes by over 9% which offset a drop in average prices, leaving the value of Irish **pigmeat exports** almost 2% higher in 2015 at an estimated €590m.

Figure 1: Trend in Meat and Livestock Exports (€'million)



Steady sheepmeat export volumes were helped by a more positive price environment coupled with favourable exchange rate volatility leaving the value of Irish **sheepmeat exports** 5% higher in 2015 at €230m.

For the year it is estimated that the value of Irish **poultry exports** increased by 3% to reach €320m, helped by stronger processed and fresh poultry exports.

Livestock exports recorded a significant decline in 2015 with live cattle shipments back over 25% and live sheep and pigs also down on 2014 levels. For the year the value of Irish **livestock exports** was down 20% at an estimated €195m. Over the last decade, meat and

livestock exports have grown in value by 67% or €1.5 billion with a rise of over 20% seen in the last 5 years.

The prospects for the meat & livestock sector in 2016 are mixed with a recovery in finished cattle availability expected to present challenges for the beef trade while the prospects for sheep are pointing to a rise in production. Following a very challenging year in 2015, strong production remains in the pigmeat sector however some ease in supply is expected to gather momentum towards the end of the year. Currency fluctuations are also posing challenges with a weakening sterling particularly since the Brexit referendum leading to our exports becoming less competitive in terms of prices and this is likely to affect our meat and livestock exports in the short term.

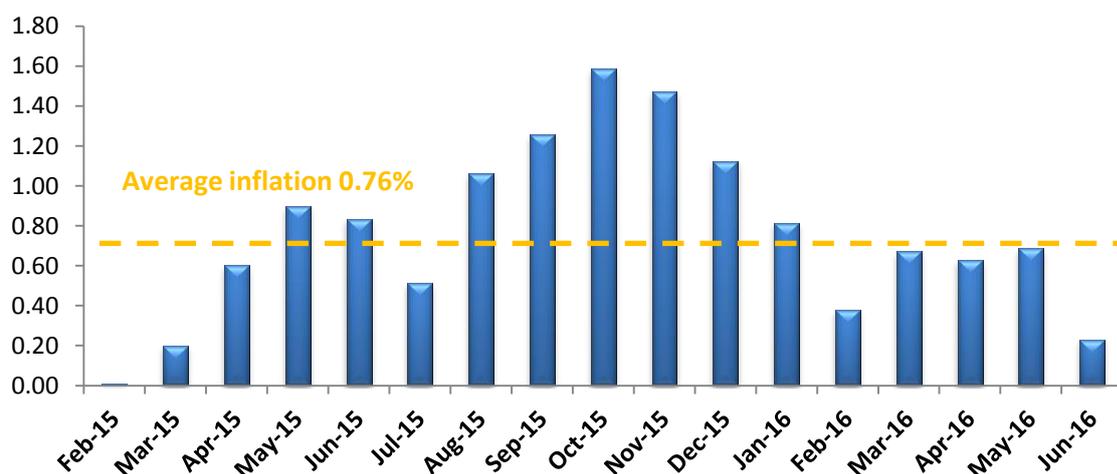
INTRODUCTION

1.1 Consumer Prices

Static consumer prices

Across the Eurozone, price inflation was relatively static throughout 2015 with European Union annual inflation on average down marginally, with largest decreases seen in Germany, the Netherlands, the UK and France.

Figure 1.1: European Consumer Food Price Index - % change on previous month



Source: Eurostat

For January to June 2016, overall inflation has seen some recovery while food prices have also followed the same trajectory. The latest European economic forecast is pointing towards a downward trend in food prices in 2016 due to sufficient production, adequate stocks and low energy prices. However this outlook is subject to shocks such as oil price

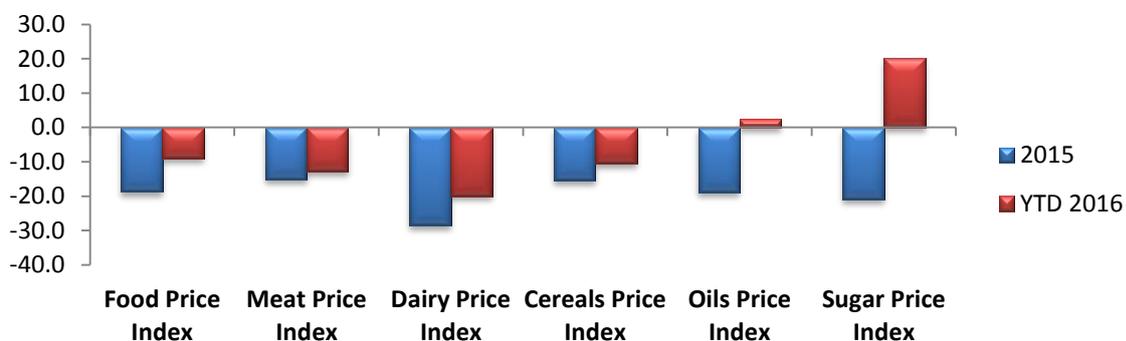
volatility and weather effects. Overall GDP growth was helped over the last number of years by a weaker euro, increased public expenditure and lower oil prices however all of these factors are not expected to continue in the short term. In the short term real GDP in the EU is expected to grow modestly somewhat behind developed global economies. Economic growth also remains uncertain, due to heightened global risks which are likely to result in moderate changes if any in consumer confidence levels.

1.2 Global Food Price Developments

Declining global prices

Global agricultural commodity prices as measured by the FAO Food Price Index showed a decline of 19% in 2015 which follows small declines over the previous two years. However, the overall index remains 25% higher than the 2000 – 2010 average, reflecting the growing demand for food in developing regions. During 2015 sharp declines were evident across all categories including dairy, sugar, meat, oilseeds and cereals.

Figure 1.2: FAO Food Price Index - % change on previous year



Source: FAO

Looking at year to date 2016 prices, between January and July of 2016 the index has been consecutively rising although it is still back 9% on year previous levels. Compared to 2015, further declines have been recorded for the overall food index due to a decline in dairy, meat and cereals with some recovery evident for sugar and oilseeds. The global outlook for agricultural commodities remains positive over the medium term, albeit with significant volatility. This volatility seems set to persist for dairy and cereals in the short term. The latest FAO/OECD agricultural outlook for the period to 2025, points towards a positive market balance on the back of rising consumption particularly in the developing world. This report suggests that meat and dairy will see further upward trends over the period, which should help present a solid backdrop for Irish food and drink exports.

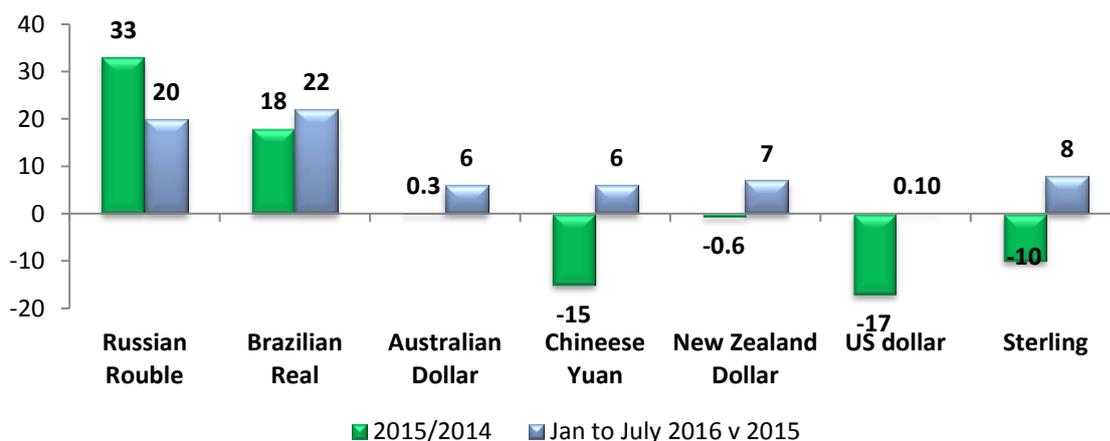
1.3 Exchange Rates

Mixed trends in Euro exchange rates

With more than 40% of food and drink exports destined for the sterling area and a further 28% going to markets, which predominantly trade in US dollars any change in exchange rates has the potential to impact on competitiveness. The Euro weakened by a further 10% relative to sterling in 2015 and by 17% compared to the US dollar. These developments helped boost the competitiveness of Irish exports last year. The euro also weakened by 15% against the Chinese yuan while a marginal decline was recorded against the New Zealand dollar. In contrast the strengthening of the euro relative to the Russian rouble and Brazilian real continued with the euro 33% and 18% higher respectively. This reflects the ongoing trading difficulties with Russia and this combined with trade suspensions continues to have a negative impact on trade from Ireland.

The anticipated economic developments in these regions over the next 12 – 24 months face a lot of uncertainty based on high risks and slow growth. For the first seven months of 2016, the euro strengthened significantly against sterling and accelerated post Brexit referendum. Similarly the euro has strengthened against the US dollar while the Brazilian Real has weakened considerably which will affect our competitiveness in terms of key commodity exports on a global level. In the short term, economic growth coupled with political uncertainty will affect exchange rates while in terms of EU export competitiveness much will depend on exchange rates in key global exporting nations.

Figure 1.3: % change in euro exchange rates for key currencies



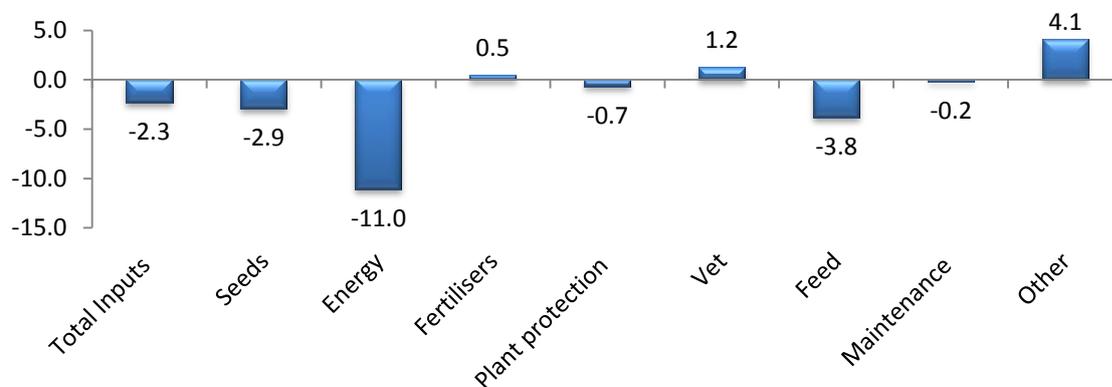
Source: Central Bank of Ireland

1.4 Agricultural Price Indices

Decline in input prices in 2015

Figure 1.4 shows the change in annual agricultural input price indexes from December 2014 to December 2015. The agricultural input price index decreased 2.3% over the year with largest decreases seen for energy and feed input costs. This continues the decrease in input prices seen in 2014 however is still ahead of the average input price index for the last ten years.

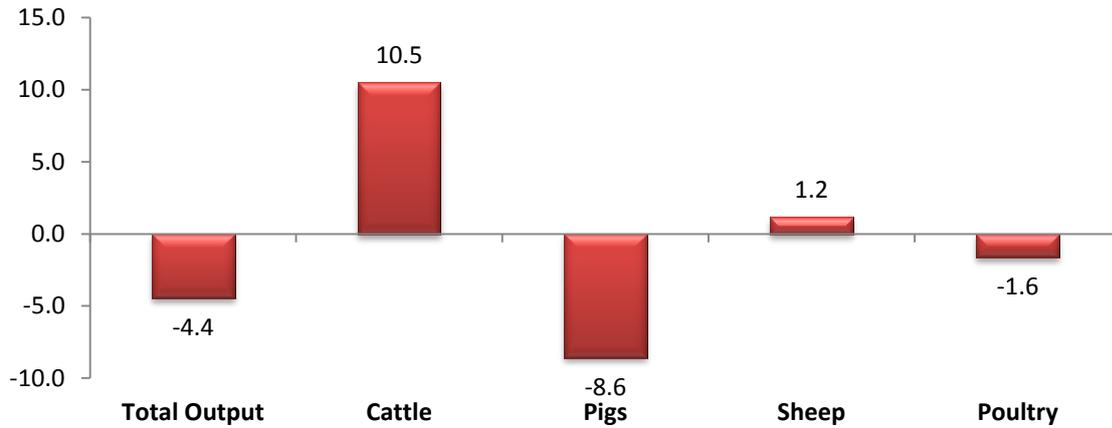
Figure 1.4: % Change in Input Price Index 2015 v 2014



Source: CSO

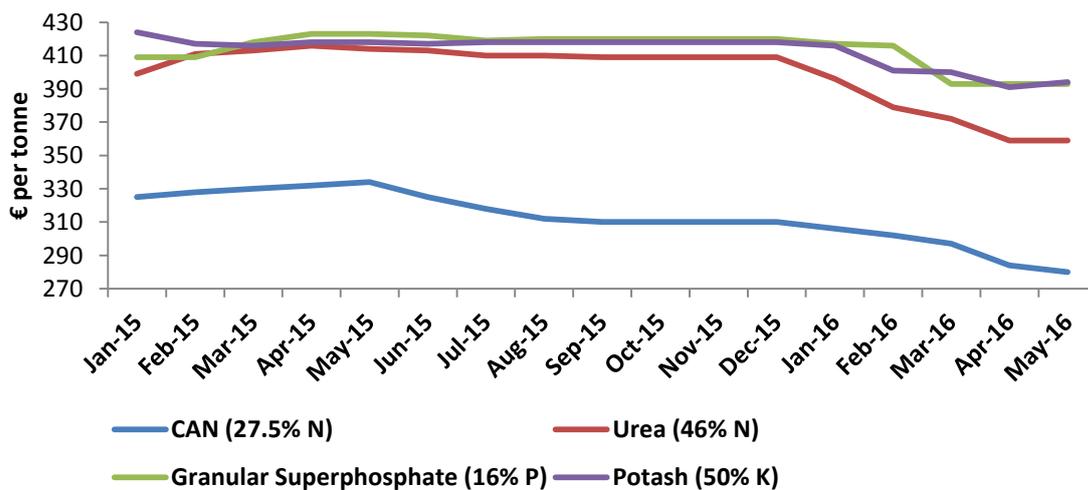
Similarly animal output prices as shown in Figure 1.5 showed some decrease, this was offset by an increase in cattle output and sheep output price index with the main decrease seen in relation to pigs and poultry. However in 2015 the average animal output price index was 9% higher than the ten year average price index for animal products driven largely by higher cattle price indexes.

Figure 1.5: % Change in Animal Output Price Index 2015 v 2014



Source: CSO

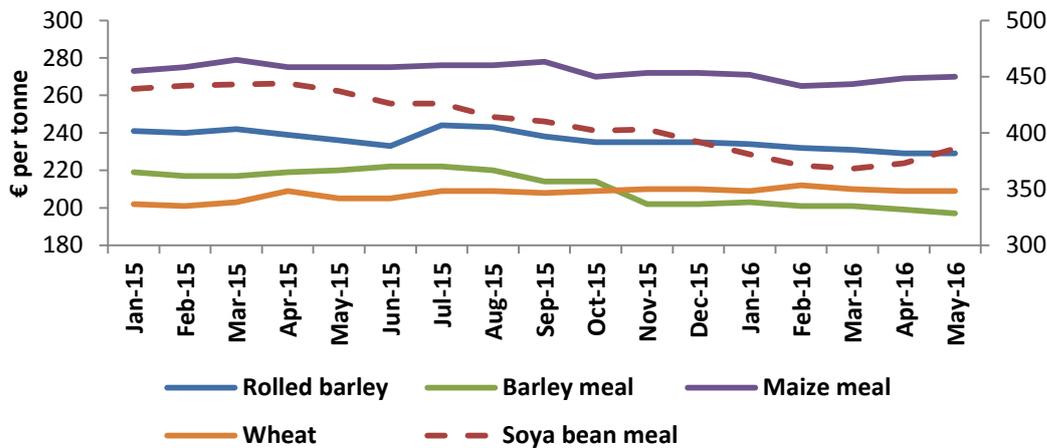
Figure 1.6: Average Monthly Fertiliser Price



Source: CSO

Figures from the CSO agricultural inputs survey shows Irish fertiliser prices in 2015 were generally stable, however a 4% rise in urea was recorded. For the first five months of 2016, prices for almost all fertilisers are showing a decline with the largest declines seen for CAN and Urea.

Figure 1.7: Average Monthly Feed Prices



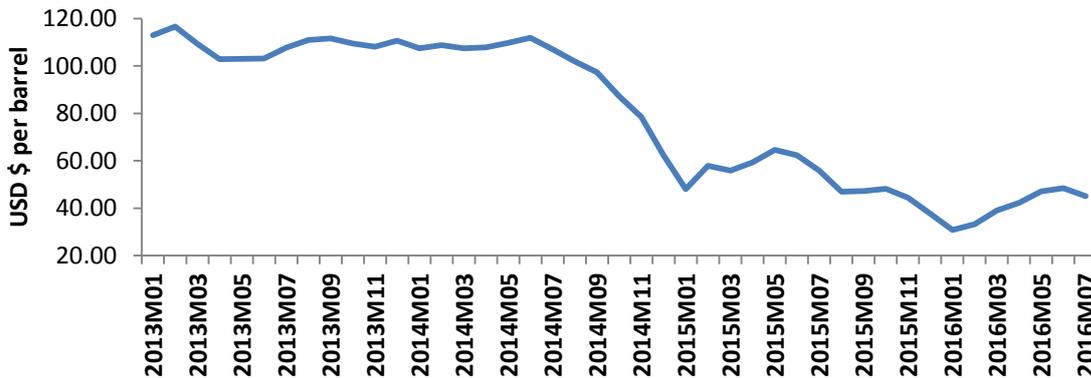
Source: CSO

Similarly, average Irish prices for feed in 2015 showed a decline compared to 2014 levels reflecting high stocks. Between January and May in 2016, feed prices recorded a further reduction particularly for soyabean and barley. Milk replacer has remained relatively stable while wheat has seen some increase in price.

On a global level, commodities declined significantly in particular energy prices, with average oil price down over 47% in 2015 compared to 2014, while a further decline has been evident so far in 2016. In the first seven months of 2016, oil prices declined by 29% compared to the same period in 2015, however prices have been increasing month on month and for the remainder of the year the World Bank have forecast a recovery in crude oil price. Oilseeds also declined last year and global supplies for the remainder of 2016 are expected to be up marginally despite reduced soyabean production in Brazil, Uruguay and China due to projected higher soyabean production in the US. Global soyabean production is anticipated to reach over 320 million tonnes for the full year 2016.

Looking at crops such as wheat, the [USDA](#) have forecast a 2% increase in global wheat supplies for 2016/2017, reaching over 730 million tonnes due to higher opening stocks which has more than offset a decline in production last year. Supplies of coarse grains are also expected to rise to reach over 1.3 billion tonnes with higher stocks and production in the US expected to drive this increase. Increases are also expected in most of the major producers such as Brazil, Argentina, Russia, Ukraine and the EU. Similarly in line with forecast increased production, higher volumes have been traded on futures markets while global consumption of wheat and grains is also forecast to rise in 2016.

Figure 1.8: Monthly Crude Brent Oil Price (USD per barrel)



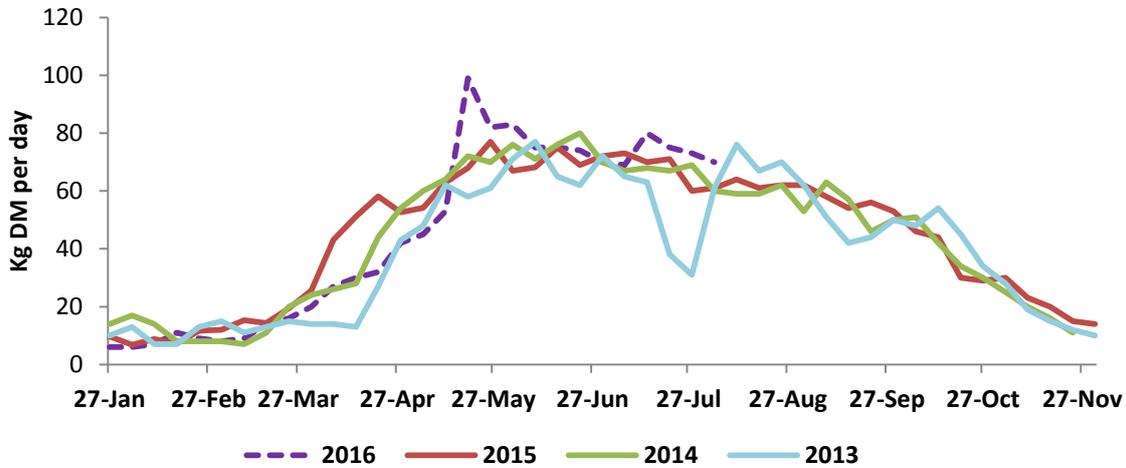
Source: World Bank

1.5 Environmental Conditions

Wet, windy and cooler in 2015

According to the Met Eireann annual report, in 2015 annual rainfall totals for most weather stations were near or above their Long-Term Average (LTA). The driest month in 2015 was June with December being the wettest month. The midlands, west and south reported in particular significantly wetter weather while the number of wet days ranged on average from 144 to 236 days. Temperatures showed some decrease with temperatures on or below their LTA at most stations. The national annual mean temperature ranged from a low of 8.5°C to a high of 11.5°C, with the highest annual maximum temperature of 25.6°C recorded on June 30th with the lowest temperature of the year, -7.9°C recorded on February 3rd. Nearly all stations reported lower average sunshine totals with the sunniest conditions (compared to LTA) reported in the east in June while above average wind speeds were also recorded with highest speeds seen in the west and southwest. Over the winter of 2016, most temperatures were above their LTA with over half of weather stations reporting their wettest winter on record coupled with higher winds on the back of six named storms. Spring 2016 has generally been reported as cooler with higher rainfall, while the month of May has been characterised by higher temperatures and overall drier conditions.

Figure 1.9: Weekly Grass Growth 2013 to 2016 (YTD)



Source: Teagasc Pasture Base

Despite higher levels of rainfall and an ease in temperatures in 2015, grass production seen a rise of almost 2% in 2015. Figures from the Teagasc Pasture Base system recorded a similar rise in average daily growth rates in 2015 compared to 2014 driven by higher early season growth rates coupled with a small rise in growth in autumn. In contrast in 2016 cooler conditions in spring of 2016 have seen a significant decline in average daily growth rates and ultimately increased grazing pressure in many parts of the country but this has been offset somewhat by an upturn in growth rates in early summer. For the remainder of the year grass growth and grazing conditions will be underpinned by the prevailing weather conditions.

CATTLE AND BEEF

2.1 Herd Size

Recovery in cow numbers

Total cattle numbers in Ireland increased by almost 3% last year with cow numbers showing a 6% rise on the back of higher dairy cow numbers. Suckler cow numbers which have declined in recent years recorded a recovery for the first time since 2012. Preliminary estimates for 2016 indicate that growth in cow numbers may not be as high this year particularly for dairy cows due to pressures in the dairy market.

Table 2.1 Bovine Numbers December Livestock Survey* 2015

'000 head**	2011	2012	2013	2014	2015
Total cattle	5,925	6,253	6,309	6,243	6,422
Total cattle: male	1,742	1,923	1,963	1,892	1,947
Total cattle: female	4,184	4,330	4,346	4,351	4,475
Cows	2,119	2,188	2,168	2,169	2,293
Dairy	1,036	1,060	1,083	1,128	1,240
Other	1,083	1,128	1,085	1,041	1,053
Bulls	35	39	37	36	29
≥ 2 years	462	423	497	504	415
Male	175	160	208	199	174
Female	287	263	289	305	241
1-2 years	1,442	1,617	1,714	1,649	1,660
Male	630	737	804	756	763
Female	812	880	910	893	897
<1	1,868	1,987	1,893	1,886	2,026
Male	902	988	914	901	982
Female	966	999	979	985	1,044

Source: CSO December Livestock survey

*figures subject to review and may change

**Note figures may vary due to rounding

On an EU level, bovine numbers have seen a marginal rise last year with numbers over 1% higher compared to 2010. Significantly higher numbers were recorded in countries such as Italy, Netherlands and Poland compared to 2010 levels. In contrast the UK, Germany, France and Denmark have all recorded a decline in bovine numbers over the last 6 years. Cow populations have also risen in countries such as the Netherlands and Italy which maybe in line with expansion in dairy production in those countries. In contrast over the same time period cow numbers have declined significantly in Denmark and Germany for example.

Table 2.2: Selected EU Bovine Numbers

Total Cattle	2011	2012	2013	2014	2015
EU 28	87,054	87,297	87,734	88,406	89,147
EU 15	74,145	74,327	74,599	75,066	75,715
Denmark	1,612	1,607	1,583	1,553	1,566
Germany	12,528	12,507	12,686	12,742	12,635
Spain	5,923	5,813	5,802	6,079	6,183
France	19,129	19,052	19,129	19,271	19,406
Italy	6,252	6,252	6,249	6,125	6,156
Netherlands	3,912	3,985	4,090	4,169	4,315
Poland	5,501	5,520	5,590	5,660	5,762
UK	9,675	9,749	9,682	9,693	9,789

Source: Eurostat

On a global level, bovine stock numbers have fallen by almost 3% last year with a similar decline recorded compared to 5 years previously which has been largely driven by declines in Asia. However this has been offset by a rise in cattle populations in Australia and South America since 2011. In the US, the cattle population has been steadily declining since 2011 however some recovery was recorded last year.

Table 2.3: Global Bovine Numbers

'000 head	2011	2012	2013	2014	2015
India	302,500	300,000	299,606	300,600	301,100
Brazil	190,925	197,550	203,273	207,959	213,035
China	106,264	103,605	103,434	103,000	100,450
EU	87,831	87,054	87,106	87,619	88,406
Argentina	48,156	49,597	51,095	51,545	51,545
Australia	27,550	28,506	28,418	29,291	29,102
Russia	19,970	20,134	19,930	19,564	19,152
Canada	12,155	12,245	12,305	12,220	11,920
Uruguay	11,241	11,232	11,384	11,903	12,053
Others	70,023	68,064	66,101	64,052	32,263
United States	92,887	91,160	90,095	88,526	89,143
Total	990,958	989,237	991,268	994,039	965,289

Source: USDA

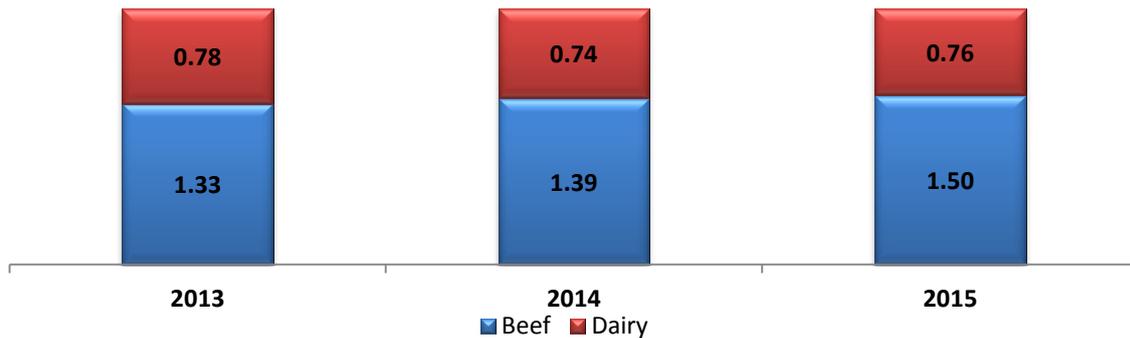
2.2 Calf Registrations

Decline in calf registration in 2014

Calf registrations increased by over 6% in 2015 following on from a small rise in 2014 and a 4% decline in 2013. This increase was largely driven by an increase in beef bred sires which

increased by 8% while despite challenging market conditions there was a rise of almost 3% in dairy bred calves in 2015 which follows on from a decline in dairy bred calf registrations in 2014.

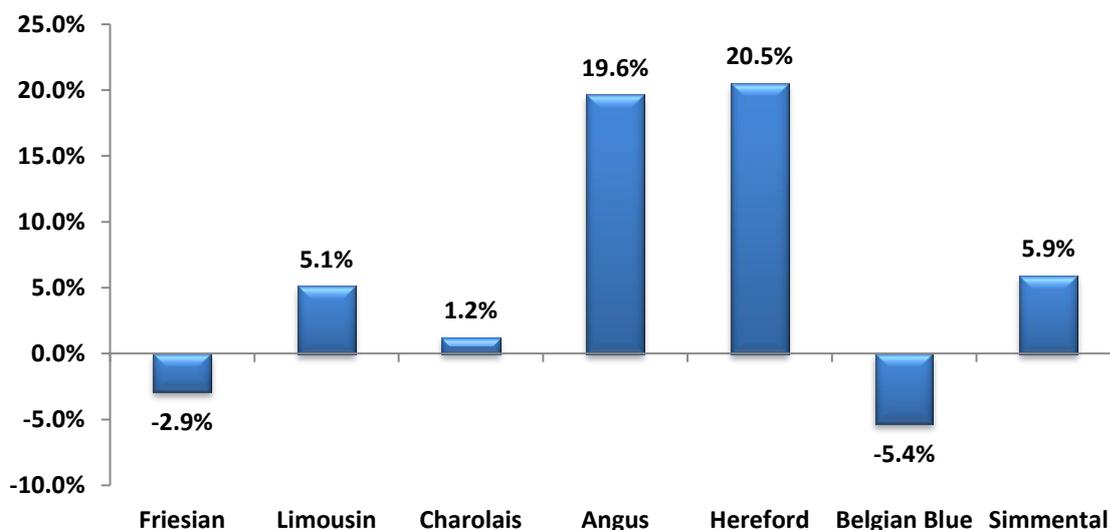
Figure 2.1: Calf Registrations 2013 to 2015 by Sire Breed (million head)



Source: DAFM AIM Database

In terms of breed, the predominant breeds of calves registered were Friesian, followed by Limousin and Charolais. There were significant increases in Aberdeen Angus, Hereford, Simmental and Limousin bred calves with lower numbers of Belgian Blue and Friesian bred calves registered.

Figure 2.2: Change in calf registrations by breed 2015 v 2014



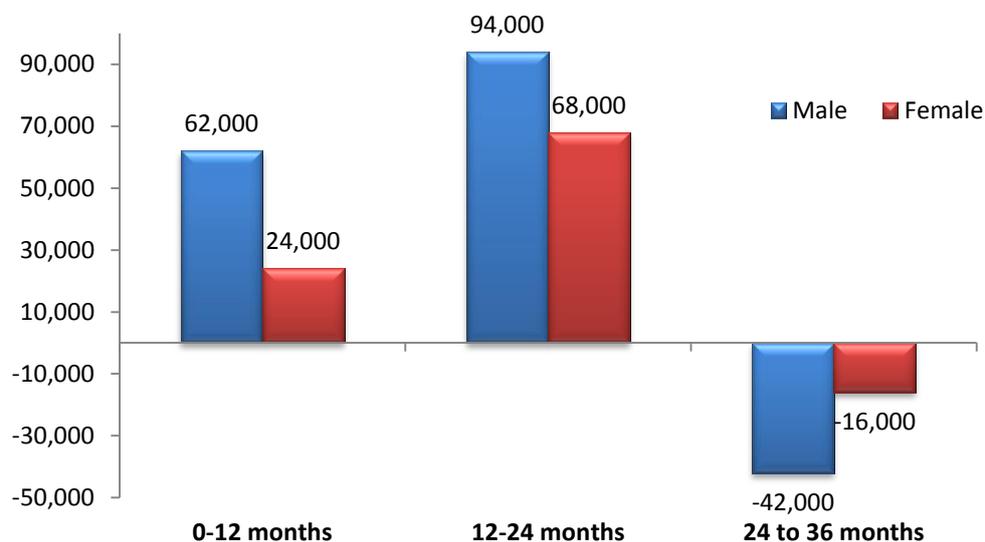
Source: DAFM AIM Database

2.3 Age Analysis

Lower availability of finishers

Focusing on the age analysis of the national herd, on May 1st 2016 provisional data from the AIM database has shown a decline in beef bred cattle between 24 and 36 months of age, particularly male cattle. Female cattle of a similar age are back around 5% due largely to declines in beef bred heifers. In contrast there has been a sharp rise in younger cattle with male cattle numbers less than 1 year up over 6% with cattle in the 12 to 24 month age bracket up more than 12%. Similarly female cattle are up 12% for heifers between 12 and 24 months which suggests an increase in replacement heifers.

Figure 2.3: Change in cattle numbers by age, May 1st 2016 v May 1st 2015



Source: DAFM AIMS Database

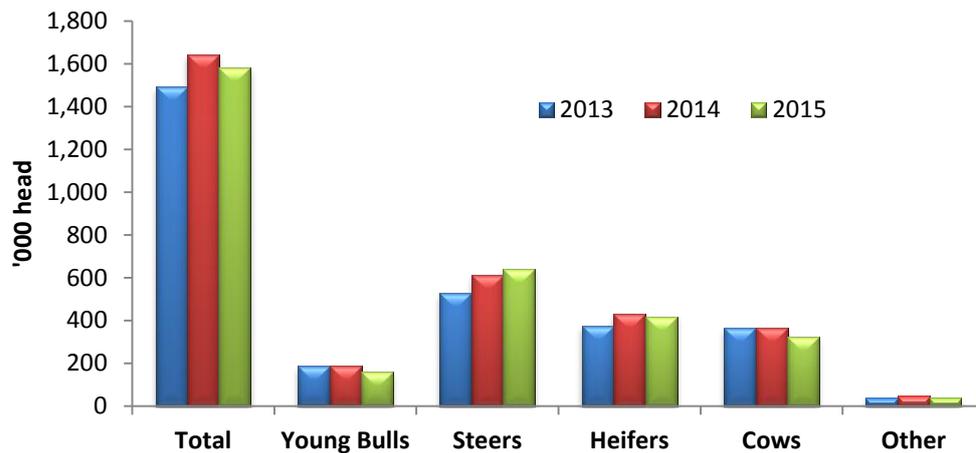
2.4 Cattle Disposals

Decline in supplies at export meat plants

[Cattle throughput](#) at meat export plants decreased by around 4% to reach 1.58 million head in 2015. Prime cattle supplies were down marginally at 1.22 million head due to greater than expected numbers of steers and heifers coming through in better condition yet offset somewhat by a 15% decrease in supplies of young bulls. The greatest rise in cattle supplies in 2015 was seen in the third and final quarters of the year driven by higher supplies of steers. Heifer numbers were back 3% overall while steers were up over 4%. Looking at cows, supplies of cull cows were back by almost 12% last year.

The majority of this decrease was due to a rise of over 48,000 and 28,000 head in live cattle exports in 2014 and 2013 respectively combined with a drop of more than 100,000 head in calf registrations in 2013.

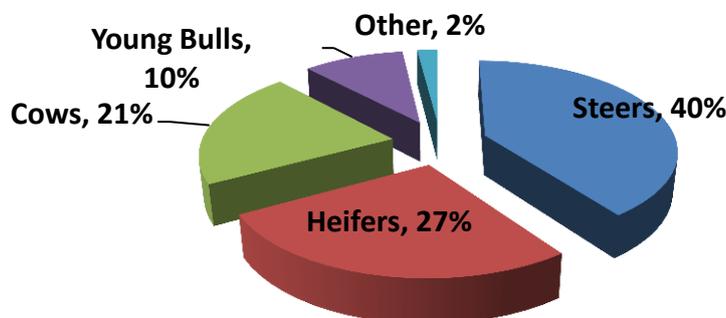
Figure 2.4: Irish Export Meat Plant Supplies*, 2013 to 2015 ('000 head)



Source: DAFM
*Note figures may vary due to rounding

Figure 2.5 shows the proportion of export meat plant throughput in 2015 by category and highlights that steers made up 40% of production which was a small rise on 2014 levels due to an ease in young bull numbers. Heifers made up 27% of the supply followed by cows which made up 21%. Young bulls and other comprised of 10% and 2% respectively.

Figure 2.5: Percentage Proportion of Throughput 2015



Source: DAFM

Export meat plants generally make up almost 95% of total throughput with local abattoirs making up the remainder. In 2015 local abattoir production totalled over 100,000 head with

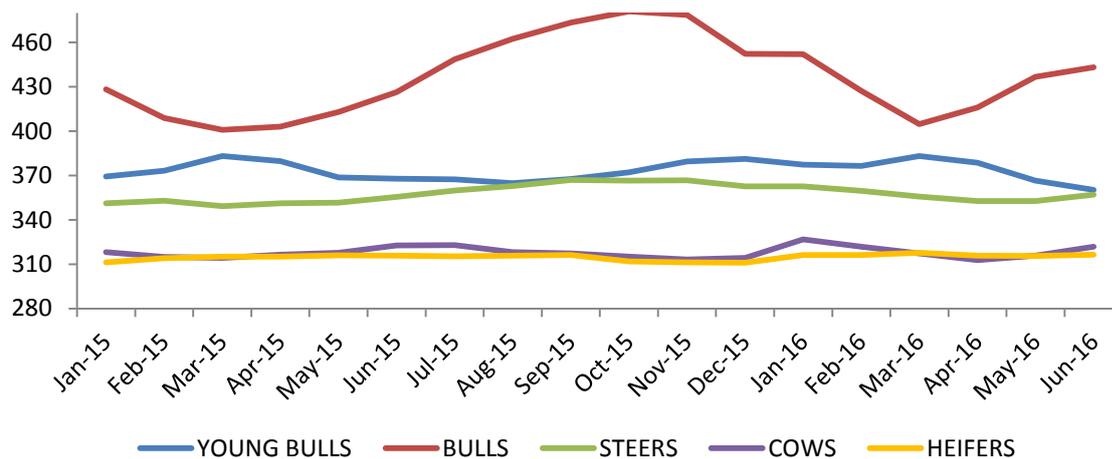
heifers and cows making up the majority of supply. Production peaked in November while lighter carcass weights in general were reported from local abattoirs compared to export meat plants.

2.5 Carcass Weights

Rise in carcass weights

Carcass weights for all categories increased in 2015 due largely to good grass growth and ultimately cattle were in better condition throughout the year. On average, carcass weights for prime cattle increased by 2% continuing the rise seen in 2014. This is a similar rise compared to some of our key export markets, where average bovine carcass weights increased by 2% and 1% in the UK and France respectively.

Figure 2.6: Monthly carcass weights



Source: DAFM

Looking at individual categories in Ireland steers increased by 7kg compared to 2014 levels while carcass weights for young bulls were 9kg higher. Cow carcass weights were up by 2kg while heifer carcass weights jumped by 5kg. The highest monthly carcass weights for steers and heifers were recorded in September while the highest carcass weights for young bulls and cows were recorded in March and July respectively. For the year to date 2016, carcass weights are up marginally on 2015 levels with the highest increases seen for young bulls and steers which are both up by 1.6%.

Over the last 15 years, average carcass weights have shown a double digit growth and last year recorded the highest weights over that period for the majority of categories. This reflects a significant improvement in breeding practices and overall management factors. Heifers, steers, young bulls and cows were 18%, 6%, 10% and 11% higher last year

compared to 2001 while average carcass weights in 2015 were over 1% higher compared to the 15 year average.

Table 2.5: Average Annual Carcass Weights*

Year	Heifer	Steers	Young Bull	Cow
2001	266	339	339	284
2002	265	334	333	284
2003	272	341	327	294
2004	272	338	319	295
2005	286	352	350	304
2006	288	351	361	301
2007	291	358	368	305
2008	287	351	363	301
2009	287	351	362	300
2010	292	354	360	308
2011	302	362	367	315
2012	306	365	372	311
2013	299	349	357	302
2014	309	352	365	315
2015	314	359	374	317

Source: DAFM

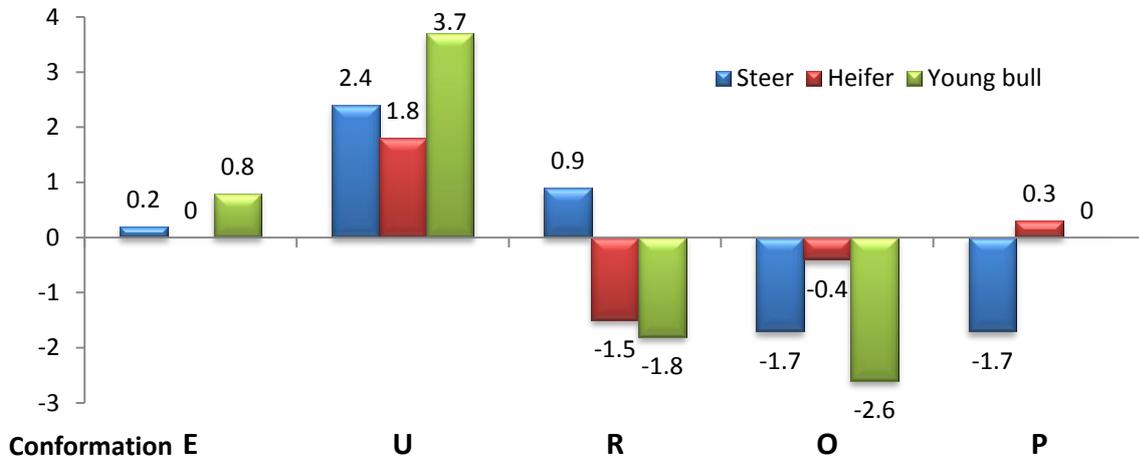
*Note Cold Weight for Export Meat Plants

2.6 Carcass Classification

Small improvement in conformation and fat scores

The conformation results show improved conformation for Heifers, Young Bulls and Cows in 2015. Heifers showed the most improved conformation with 16.7% in E and U grades compared to 14.9 % in 2014. This has increased year on year since 2010 where it stood at just over 7%. Looking at R and O grades there were small increases for heifers in these grades. In contrast steer conformation results showed somewhat smaller percentages grading U and higher R grade percentages compared to 2014. Young bulls had the highest proportions in E and U grades.

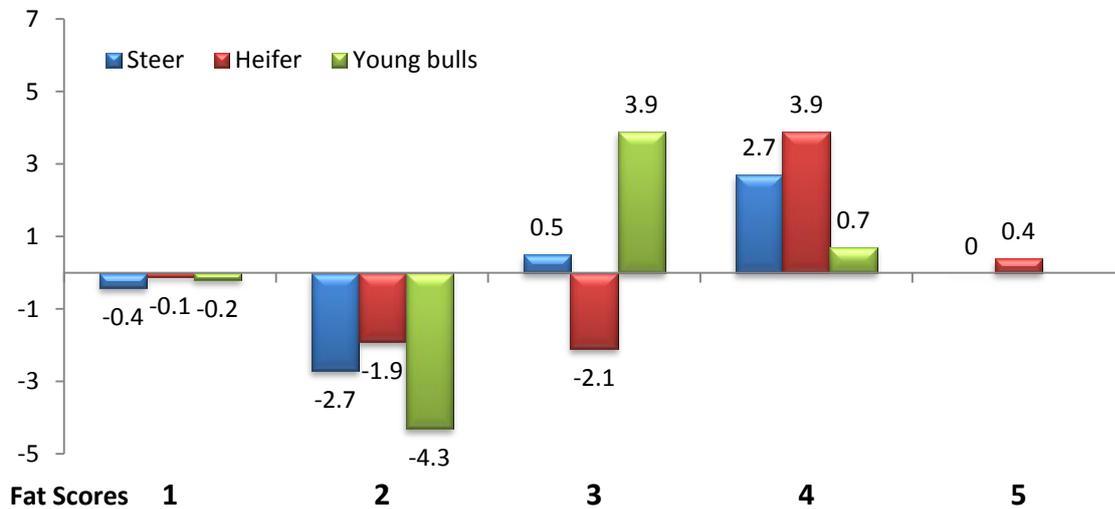
Figure 2.7: Percentage change in prime cattle conformation 2015 v 2014



Source: DAFM annual reports

A small increase in fat scores was evident across all categories of bovine in 2015, with higher percentages of steers, heifers and cows in fat scores 3 and 4. This may be due to better quality feed resulting in cattle being finished in better conformation and fat classes.

Figure 2.8: Percentage change in prime cattle fat score 2015 v 2014



Source: DAFM annual reports

2.7 Output

Decline in net production

An increase in carcass weights of over 2% offset a 4% decline in throughput to leave beef net production down 3% at 564,000 tonnes. However net production was almost 4% higher than the ten year average between 2005 and 2014.

For the year to date 2016, between January and June there was a 3.7% rise in output driven by higher throughputs and a small rise in carcass weights. Net production for the full year 2016 is anticipated to recover by around 5% due to anticipated higher supplies of prime cattle particularly in the latter stages of 2016. Looking further ahead in the medium term, higher calf registrations in 2015 coupled with a decline in live cattle exports would point to some further rise in supply and ultimately output.

Table 2.6: Beef Balance sheet* 2011 to 2016 (f*) ('000 tonnes cwe)

'000 tonnes cwe	2011	2012	2013	2014	2015 (e)	2016 (f*)
GIP Production	581	529	550	628	591	619
Net Production	547	495	518	583	564	583
+Beef Imports	55	47	35	30	33	29
-Beef Exports	510	453	466	524	510	526
Consumption						
'000 tonnes cwe	92	89	87	88	87	86
Kg/head	20.1	19.4	18.9	19.1	18.8	18.1
Self Sufficiency Rate	595%	556%	595%	663%	648%	678%

Source: CSO/Bord Bia Estimates

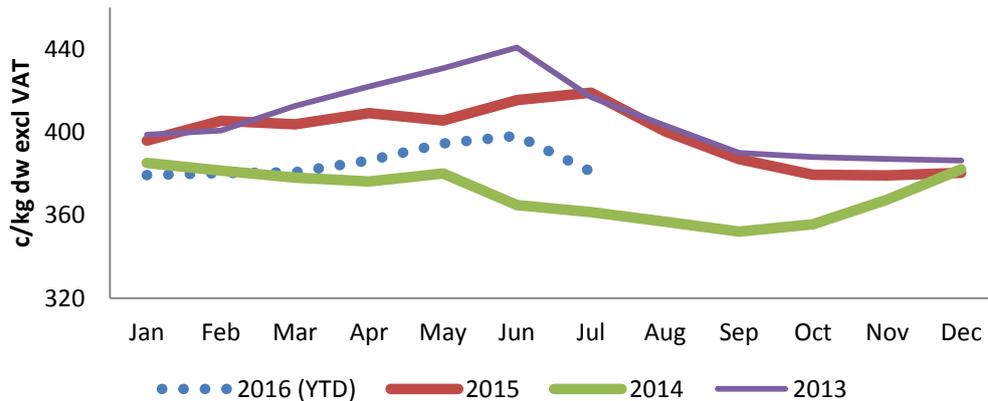
*figures for 2015 are subject to review and 2016 are preliminary forecast figures

2.8 Cattle Prices

Significant recovery in cattle prices

[Average cattle prices](#) recovered across all categories. The largest increase in prices was evident in particular during the summer months across almost all categories when supplies were lowest compared to other times during the year. In the early part of the year cattle throughputs remained strong due to a higher than anticipated carryover of stock from the previous year which were in better condition and ultimately boosted production. Steer prices were on average 8% higher at €3.98 kg DW excl. VAT. The highest prices were recorded in July, with a price of €4.19 kg DW excl. VAT. Up until early July 2016 average male cattle prices in Ireland were 7% behind 2015 levels.

Figure 2.9: Irish R3 steer prices, 2013 to 2016 (YTD) (c/kg DW excl VAT)

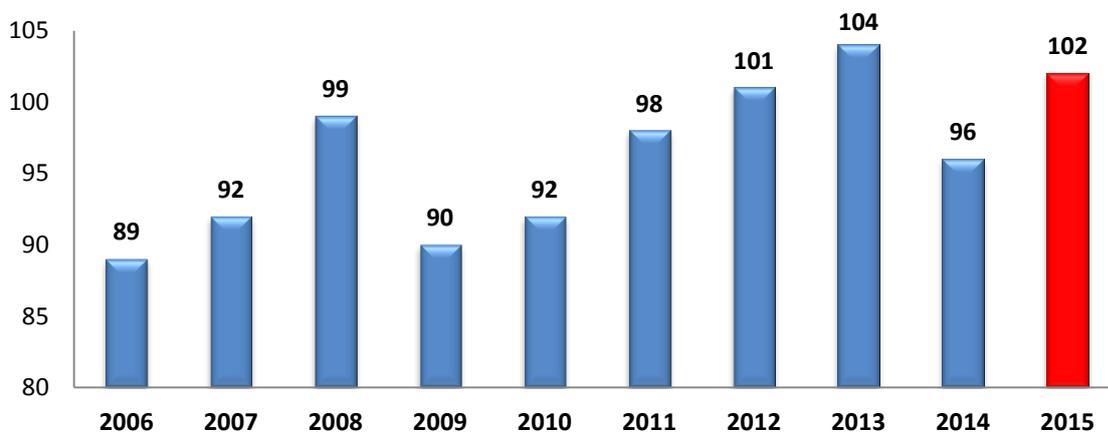


Source: DAFM

Similarly, the R3 heifer price recovered by 8% to €4.11/kg DW excl. VAT with the highest price of €4.30/kg DW excl. VAT recorded in July. Cow prices showed the highest rise on average across species and the O3 average price recorded a rise of over 14% on average reaching €3.36/kg DW excl. VAT for the full year 2015. The highest average cow price of €4.58/kg DW excl. VAT was recorded in July. For the year to date until the end of August 2016, average heifer and cow prices are back by 4% and 11% respectively.

Irish cattle prices were in line with or above the EU average for most of the year. Overall for the year, R3 steer prices stood at 102% of the EU average. In contrast Irish cattle prices were on average 83% of the average UK cattle price with the 10% weakening in the euro versus sterling contributing largely to this. Up until late July 2016, the Irish R3 steer price was 97% of the average UK price and 105% of the average EU R3 male price.

Figure 2.10: Irish R3 steers as % of EU-15 weighted R3 male cattle prices, 2006 to 2015

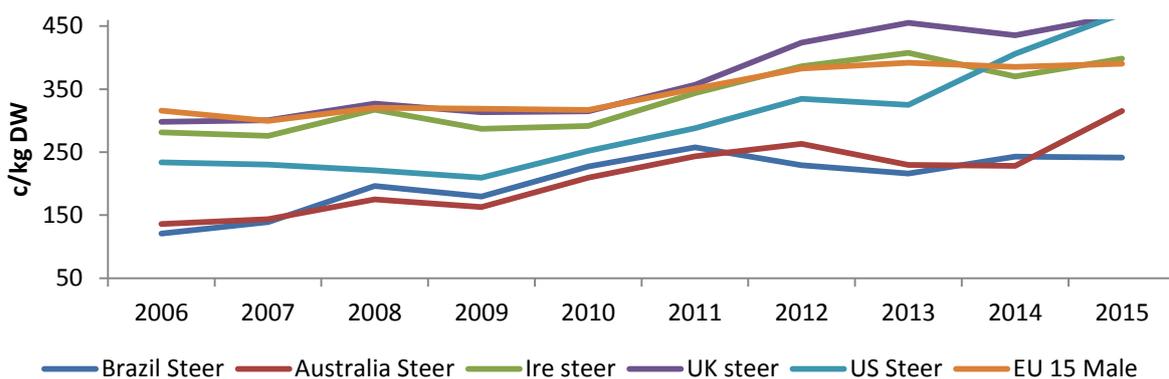


Source: Bord Bia based on EU Commission

Rise in international cattle prices

Figure 2.11 shows the average annual male cattle price for selected countries with most countries showing an increase in 2015 compared to the previous year. Following a decline in 2014, male cattle prices in Europe on average recovered marginally by over 1% in 2015. On an international level Australian prices showed a significant rise in price due to very tight supplies in Australia coupled with a decline in global trade while so far this year a double digit increase has been reported due mainly to tighter supplies. Similarly the US reported a rise of over 15% in average steer price due to a significant scarcity in supply yet due to a recovery in feeder cattle numbers this has been reversed this year. In contrast Brazilian steer prices decreased marginally driven by strong production coupled with weaker exchange rates and this decline has continued so far in 2016. Comparing overall average male prices for these selected countries versus prices five years ago, 2015 prices were on average 24% higher and compared to ten years ago prices were 76% higher.

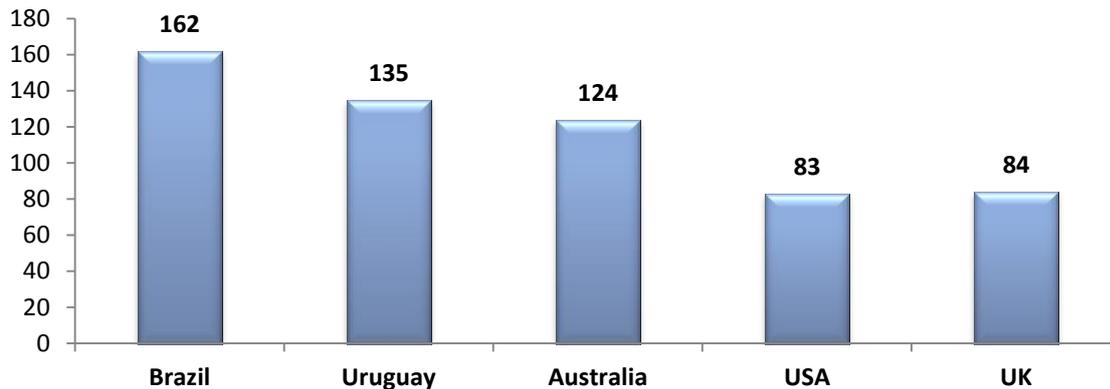
Figure 2.11: Average annual male cattle prices for selected countries 2006 to 2015



Source: European Commission/Bord Bia

The movement in exchange rates and the recovery in EU cattle prices have led to a reversal in relative prices between EU and global cattle prices. For the full year 2015, Brazilian steer prices decreased on the previous year's figure to 62% of the EU male cattle price. Similarly Uruguay prices showed an increase and were 72% of the EU average male price. A strengthening in US dollar exchange rates resulted in the US male price increasing to 120% of the EU average in 2015. Australian cattle prices showed some rise and went from around 59% of the EU average in 2014 to almost 81% of the EU average in 2015. In contrast due to higher exchange rates the EU was only 84% of the UK average price. Weakening exchange rates coupled with strong supplies in the early part of the year has seen a decline in UK prices relative to EU prices with exchange rate fluctuations and production trends set to dictate price differentials.

Figure 2.12: EU 15 R3 Male as % of selected countries prices, 2015



Source: European commission/Bord Bia

2.9 Imports

Recovery in imports

Beef imports recovered by over 10% or 3,000 tonnes in 2015 to reach around 33,000 tonnes, reflecting the decrease in domestic supplies. The majority of imports albeit at small numbers come from the United Kingdom. Looking towards the full year 2016 there is little evidence to suggest any significant change with imports dictated by supply and demand levels on the domestic market.

2.10 Consumption

Ease in consumption

Ireland continues to be over 600% self-sufficient in beef and following a rise in overall beef consumption in Ireland in 2014, an ease of around 1% in beef consumption was recorded last year. Overall over 87,000 tonnes of beef was consumed in Ireland in 2015 which equates to approximately 18.8kg per capita. This small decline was due mainly to switching to cheaper proteins such as poultry. The latest retail level consumption figures are showing a small decrease so far this with little significant change expected in beef consumption for the full year 2016.

Looking at retail sales, the latest Kantar world panel data shows an ease in beef volume sales of 1% due mainly to a decline in volume per buyer as a result of lower volumes purchased per trip. The average retail price for beef declined and stood at around €8.92 per kg. Across cuts most of the high end products showed some ease in average retail price. Minced beef continued to be the most popular beef product at retail level making up 45% of beef retail sales. Steaks made up 22% of retail sales while in contrast there has been a rise in burger sales with burgers making up over 4% of retail sales of beef. Beef joints and

stewing beef continue to account for 14% and 12% respectively of retail volumes. In terms of retailer the latest data is pointing towards growth in beef sales at discounter level while multiples have shown some recovery in market share. Looking at retail prices in Ireland, the average beef retail price in 2015 was €8.92/kg, down over 1% from €9.06/kg in 2014 which is significantly higher than the producer price. However it must be noted that the producer price is a carcass price whereas retail prices relates to final packaged products produced to specifications across a large range of cuts. On top of this the domestic Irish market consumes around 15% of total net production with the vast majority of our beef being exported.

Table 2.7: Producer to ROI Retailer Beef Price Spread*

	2012	2013	2014	2015
Weighted Cattle Prices** (€/kg incl VAT)	3.9	4.1	3.7	4.0
Retail Price***(€/kg)	8.7	9.0	9.1	8.9
Price difference (€/kg)	4.8	5.0	5.4	4.9
Producer Proportion of retail price %	45%	45%	40%	45%

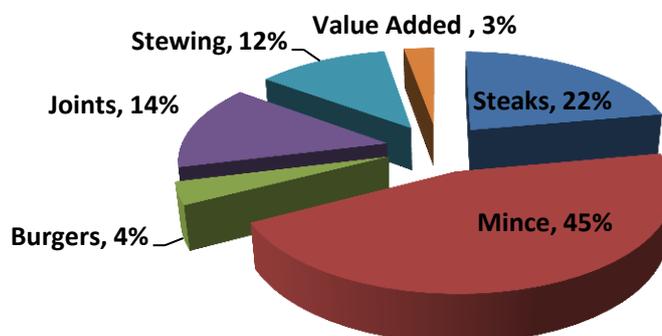
Source: DAFM/Bord Bia/Kantar

*Note rounding of figures

**Weighted across grades and categories to give an absolute cattle price

***Source: Kantar World Panel Sample >3,000 ROI households

Figure 2.13: Proportion of retail beef volume sales by product



Source: Kantar World Panel 52 w/e 24 April 2016

On a global level overall beef consumption is growing and according to the latest OECD agricultural outlook is forecasting a growth in annual beef consumption of over 1% until 2025. The majority of this anticipated growth is expected to come from countries in Africa and South East Asia with growth albeit at a smaller level also expected in South America, Oceania and North America. South America continues to have the highest per capita consumption of beef with Argentina showing consumption of over 40kg per capita in 2015 closely followed by Uruguay and Brazil. However the highest growth in consumption per

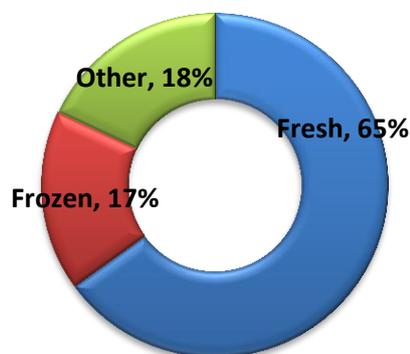
capita over the next ten years is expected in Asian countries such as China, Vietnam, and Philippines with countries in Africa and the Middle East also expected to show strong growth levels.

2.11 Exports

Ease in exports on the back of lower production

Ireland continues to be a **net exporter** of beef exporting 90% of its production. Reduced cattle supplies and ultimately net production led to a decline in exports by 3% to around 510,000 tonnes. This decline combined with a recovery of over 11% in average prices led to **the value of Irish beef exports increasing by over 6% to €2.41 billion** (€2.19bn when offals are excluded). Over the last 10 years, this represents a rise in beef export value of over 50% driven by more higher value primal cuts due to more processing with almost 90% of our exports being deboned products. Going back almost 20 years the majority of our exports were frozen products whereas now fresh or chilled product makes up the bulk of our beef exports.

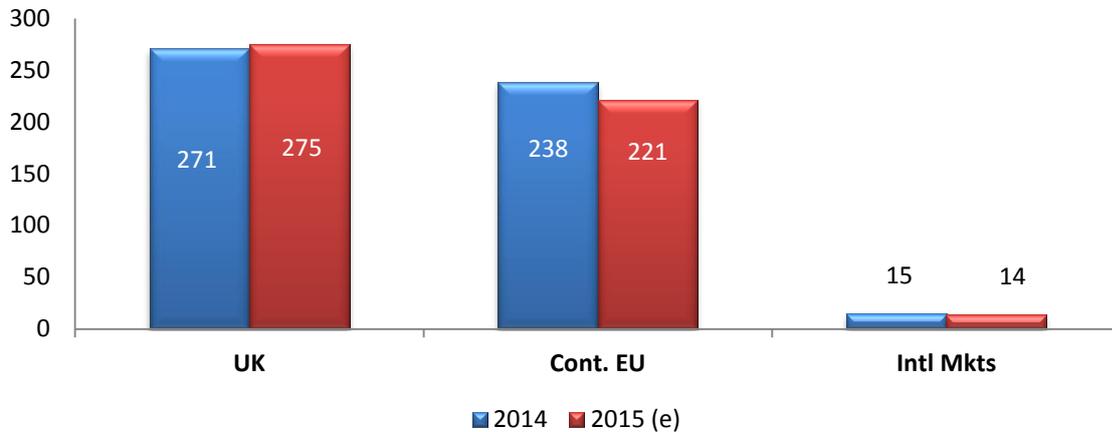
Fig 2.14: Proportion of exports by category



Source: CSO/GTIS/Bord Bia

The retail and foodservice market across Europe remains highly competitive with consumers being driven by value with beef still at a relatively high price point versus pork and poultry. Consumers and retailers alike are also focusing more on origin of meat which is leading to more nationalisation of demand and local sourcing to build trust.

Figure 2.15: Distribution of Irish beef exports, '000 tonnes



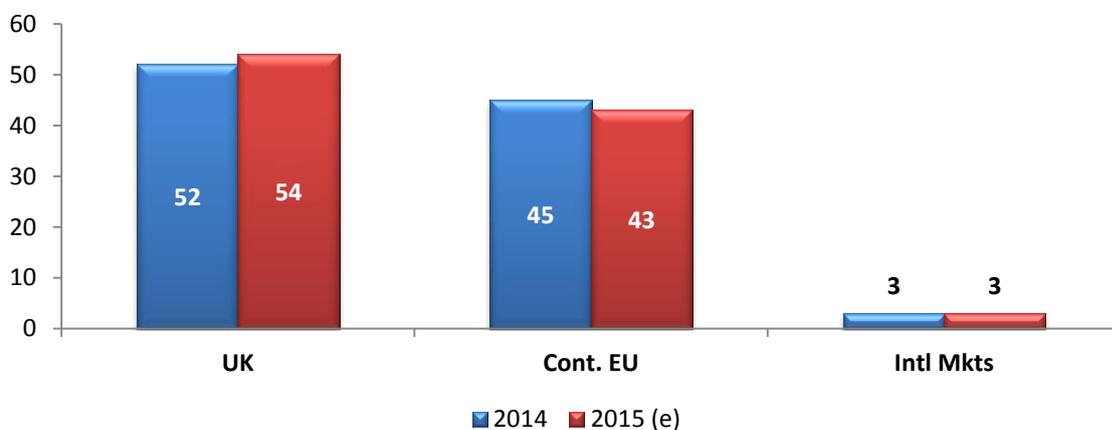
Source: Bord Bia estimates

Recovery in exports to the UK

Volumes of Irish beef destined for the **United Kingdom** increased by around 1% in 2015 to stand at an estimated 275,000 tonnes. This equates to around 54% of total exports. In value terms, trade was worth over €1.1 billion. Favourable exchange rates on the back of a rise in the value of sterling versus the euro coupled with a 3% rise in consumption led to higher shipments to the UK last year and ultimately boosted our beef export value.

Exports to **Continental European** markets declined by 7% in volume terms to stand at an estimated 221,000 tonnes in 2015. Lower exports were recorded to most markets, particularly Italy, France and Scandanavia. Trade was valued at around €1 billion, a decrease of almost 5% on 2014 levels. Consumer demand remained subdued in many markets with Italian consumption reportedly 5% lower and French consumption down by 3%. This slower demand impacted on price levels.

Figure 2.16: Distribution of Irish beef export volumes (%)



Source: Bord Bia estimates

Similar to continental EU, exports of Irish beef to **International markets** were 7% lower compared to 2014 at around 14,000 tonnes and the overall trade was valued at €60 million. The absence of trade to Russia was offset by an increase in shipments to Switzerland with strong volumes reported to the Philippines while there was a rise in trade to Saudi Arabia albeit at small volumes. The opening of the US market in the first quarter of 2015 led to approval of Irish export meat plants as the year progressed with approximately 1,800 tonnes exported there for the full year 2015. Strong volumes were also exported to markets such as Hong Kong, Switzerland and the Philippines.

2.12 Cattle Supply Outlook

Recovery in cattle supplies anticipated

Following a decline in finished cattle supplies in 2015 throughputs recovered in the first half of 2016 and this trend is expected to continue for the remainder of 2016 and into 2017. Increased calf registrations coupled with lower live exports is contributing to the higher supply outlook. As alluded to above, age analysis of the national herd has also indicated a rise in cattle numbers, particularly in the 12-24 month age bracket. Overall, there was around 12% more cattle available on May 1st 2016 in the 12-24 months age bracket compared to the same period in 2015. The majority of this recovery was seen for male cattle while despite dairy expansion female numbers are also expected to rise. It must also be noted that live exports declined by around 25% in 2015 with all categories showing a decline. For January to July 2016, following strong early season supplies, steers have now tightened and are back 2%, cows have increased 3% while heifers are on a par with year previous levels and young bulls have risen significantly. Cattle supplies have risen steadily since late June and July with the main peak in cattle supplies is expected in the latter half of the year particularly in line with end of the grazing season.

Supply will be dictated by live exports, grazing conditions and producer decisions and overall supplies for the year are likely to be between 50,000 and 80,000 head higher than 2015 figures. Looking at each category, the largest rise is likely to be for male cattle particularly for young bulls with many producers now finishing young bulls at an earlier age. Supplies of young bulls so far in 2016 are up around 30% compared to the same period last year. A rise is expected in cull cow numbers with fertility issues, age and dairy returns likely to dictate the change in cow throughputs. Heifers have been in line with 2015 numbers throughout 2016 to date while supplies of steers have eased but a recovery in supplies of heifers and steers is anticipated in the coming months.

Looking further ahead looking into next year, preliminary forecasts are pointing towards a continued rise in supply due to higher calf registrations coupled with declining live cattle exports.

Table 2.4: Cattle Supplies* 2012 to 2016 (f) ('000 head)**

	2012	2013	2014	2015	2016 (f**)
Total Cattle	1,401	1,499	1,644	1,561	1,610 – 1,640
Steers	468	530	612	632	640 - 660
Heifers	354	377	430	413	425 - 440
Cows	330	368	367	321	345 - 360
Young Bulls	209	187	188	157	160 - 175
Others	40	37	47	38	38 - 42

Source DAFM /Bord Bia

*Note figures are rounded

**Note forecast figures

2.13 Outlook for Exports

Stable demand for beef anticipated

The prospects for the EU beef market in 2016 looked mixed as preliminary estimates point towards some rise in output supplies combined with a more stable demand for beef. However, much will depend on consumer spending levels with many key countries reporting sluggish trade over recent months.

In the UK according to the latest AHDB outlook, beef production is forecast to rise 3% in 2016 to just under 910,000 tonnes on the back of higher throughputs as a result of increased calf registrations in recent years while pressures in the dairy market are also likely to see more cull cows come through. Exchange rate volatility as a result of the recent Brexit referendum is likely to affect our competitiveness in the short term with no longer term projections known until the details of the exit become clearer. At present a strong euro and weaker sterling due to uncertainty arising from Brexit is making our product more expensive and is ultimately leading to a decline in returns from the UK market. In the short term exchange rates and supply will dictate the strength of the UK market. Looking at likely beef output across the EU-15 region, latest forecasts suggest a small rise of around 1% in production levels. Output is likely to increase in France, Spain, Netherlands, Ireland and the UK. However, this will be offset by lower production in Germany and Italy, Outside of the EU -15 output is forecast to rise in Poland. In terms of EU export volumes much will depend on the trade situation with Russia which has negatively impacted EU trade with this market accounting for up to 25% of EU exports in recent years prior to the embargo. The current import restrictions are due to remain in place until the latter half of 2016. However this has

been offset by re opening of trade with Turkey coupled with increased exports to Asian and African markets which have maintained the EU's position as a net exporter.

Table 2.8: Import requirements by key European markets

Imports '000 tonnes cwe	2015 (e)	2016 (f)	% ch
UK	430	434	0.93
Italy	325	314	-3.38
Germany	380	387	1.84
France	315	290	-7.94
Spain	111	113	1.80

Source: Bord Bia estimates based on EU Commission Beef Working Group

Increasing demand is expected from International markets with beef demand growing across Asia, Middle East-North Africa and strong consumption in South and Central America. Cattle supplies are forecast to tighten in some of the largest world exporting countries such as Australia, however this will be offset by a recovery in the US and a further rise in Brazil. All things being equal little change is expected in global beef supplies and as a result prices will remain relatively steady. However, much will depend on supply versus demand and currency fluctuations, while potential trade deals such as the WTO, TTIP or a Mercosur trade deal could result in increased competition in the market.

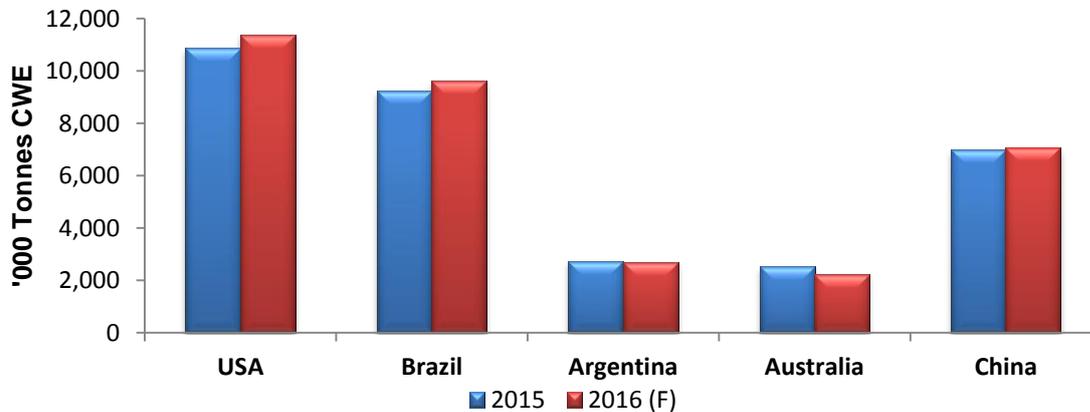
2.14 Global Outlook

Global production to rise

Global beef production is forecast to increase by around 1% in 2016 reaching over 59 million tonnes based on a rise in supplies in Brazil and the USA yet offset somewhat by lower production in Australia. According to the latest Meat and Livestock Australia outlook, beef production is expected to decline in 2016 to around 2.21 million tonnes. Australian production in the short to medium term is anticipated to be relatively tight before showing some recovery towards 2020. This will ultimately lead to lower Australian supplies on the world market with export volumes for 2016 anticipated to decline by over 18% for the full year. In the USA, according to the latest USDA red meat outlook, production declined by over 2% in 2015 with a recovery in the region of just under 5% anticipated for this year due to herd rebuilding. Higher supplies of feeder cattle coupled with cheaper feed and improved environmental conditions have led to a rise in carcass weights so far in 2016 and this will also contribute to higher net production in 2016. In Brazil, overall production for the full year is expected to rise by over 4% which is forecast to be 2% higher than the 5 year average of Brazilian production. In contrast supplies in Argentina are expected to show some decline by

almost 2% with reports of herd rebuilding coupled with policy changes likely to affect production. In China, a small rise is expected in production for the full year.

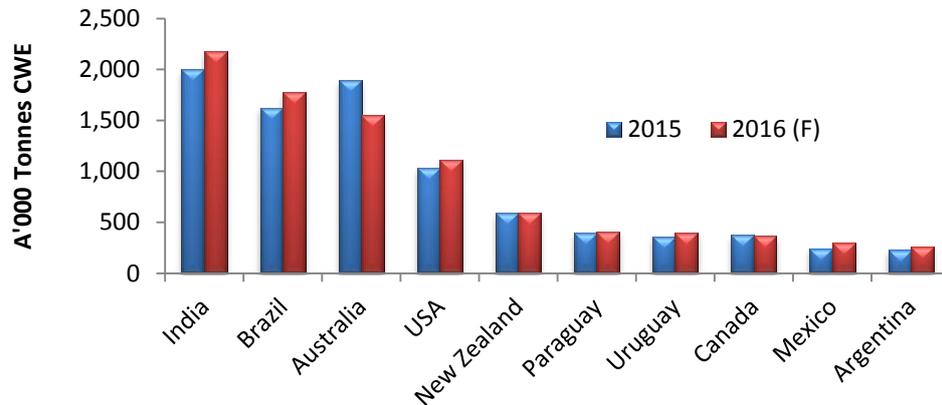
Figure 2.17: Beef Production for main global players 2015 to 2016 (f)



Source: GIRA/USDA/Bord Bia

Global exports are expected to recover by around 3% in line with the anticipated increase in global production driven by a rise in volumes for Brazil, the US and India and to a lesser extent Uruguay, Argentina and Mexico. However this will be offset somewhat by a significant decrease in Australian export volumes. Exports from Brazil are forecast to increase by 150,000 tonnes, which is due to weakening of the Real, the on-going Russian ban on beef products which has increased demand for South American product. Brazil remains the principal source of imported beef into the EU accounting for over 40% of imports while filling approximately 80% annually of its allocated allowance under the Hilton Quota. US exports declined in recent years due to record low cattle supplies and due to herd rebuilding in the last number of years exports are expected to rise significantly by almost 9% for the full year 2016. Preliminary forecasts are suggesting that the expected increase in exports on the back of a rise in production is anticipated to continue further into 2017 but at a lower rate of growth.

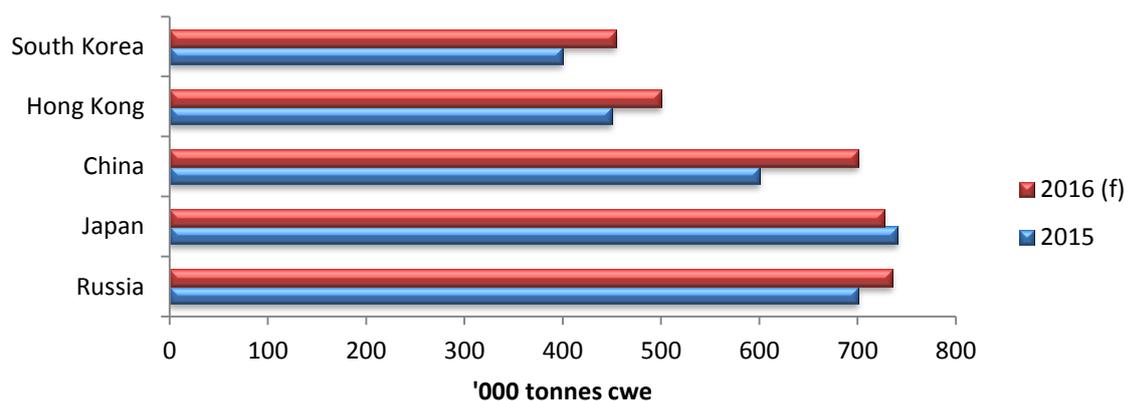
Figure 2.18: Beef exports for main global players 2015 to 2016 (f)



Source: GIRA/USDA/Bord Bia

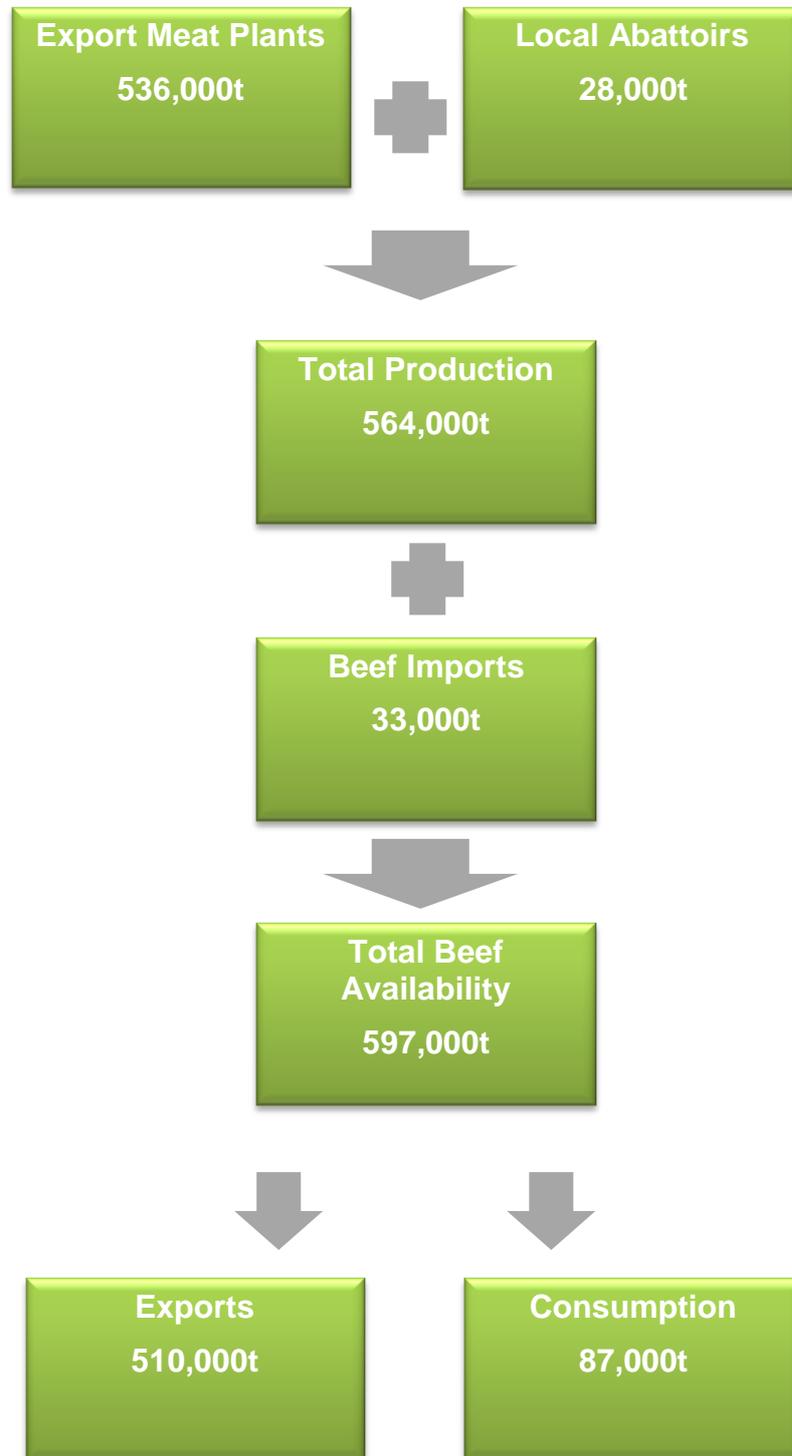
Focusing on key trends in global imports, figure 2.19 gives forecast import requirements for some of the main global beef traders. Russia is expected to import more beef due to higher levels of consumption following three years of decline however due to the ongoing embargo on EU products most of this product is expected to be sourced from non EU suppliers such as South America. Asian markets such as Korea, China and Hong Kong are all expected to show a rise in imports in 2016 by 14%, 17% and 11% respectively. In contrast Japan is expected to show a 2% decline in imports for the full year 2016.

Figure 2.19: Beef import for selected countries 2015 - 2016 (f)



Source: GIRA/USDA/Bord Bia

Fig 2.20: Beef Supply Chain 2015



Source: Bord Bia estimates

Key beef market drivers for 2016

- Stabilisation in EU production
- Steady consumer demand
- Recovery in global supplies.
- Increase of around 5% in Irish cattle supplies

3. Live Animals

3.1 Live Cattle Exports

3.1.1 Review

Decrease in live exports in 2015

[Live cattle exports](#) declined by 24% on 2014 levels totaling 178,000 head in 2015, which was almost 15% lower than the levels recorded in 2013 and the lowest number recorded since 2008. In value terms, the value of live exports is estimated to have declined by over 20% to €133 million. Decreased shipments were evident due to tighter supplies on the domestic market which ultimately increased demand and competition for cattle. Live bovine prices in Ireland were significantly higher than those in key export destinations which reduced our price competitiveness. It must also be remembered that sanitary protocols in key markets constrained exports while political instability also caused less exports to some non EU markets.

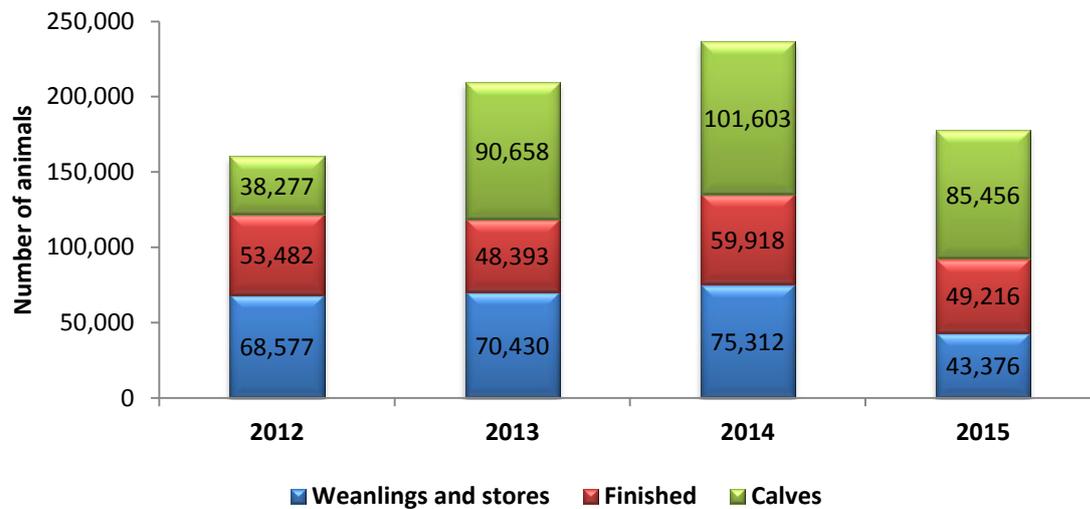
Figure 3.1: Change in head Irish live cattle exports, 2015 vs. 2014



Source: DAFM

Live exports decreased across all categories. Compared to 2014, collectively weanlings and stores exports decreased by 24% or almost 32,000 head while calves and adult cattle shipments dropped 16% or by around 16,000 and 11,000 head respectively.

Figure 3.2: Live Cattle Exports by Category (2012 - 2015)



Looking back at live exports over the last four years, exports peaked in 2014 and despite the decline in 2015; live cattle exports increased almost 18,000 head between 2012 and 2015. This increase has been driven by higher calf exports despite lower exports in other categories.

Table 3.1: Key Destinations of live exports 2015 v 2014

Destination	2014	2015	% ch
Total	234,410	176,507	-25
Northern Ireland	54,414	55,285	2
Great Britain	18,112	9,143	-50
Italy	29,999	24,886	-17
Spain	44,274	29,616	-33
Netherlands	38,204	43,679	14
Belgium	21,727	606	-97
France	5,336	8,552	60
Libya	17,667	433	-98
Other int.	4,677	4,307	-8

Source: DAFM

In terms of live calf exports, shipments were negatively affected by IBR restrictions which reduced market access and limited our exports to key markets such as Belgium. Authorities in Belgium will only import animals from countries that have an IBR control programme or animals that have been vaccinated under their strict conditions. Higher calf prices domestically driven by increased farmer demand coupled with reduced calf prices in some of our main markets such as Spain resulted in reduced competitiveness for Irish calves. For Spain and Belgium alone there were 31,000 less calves exported in 2015 compared to 2014 however this was offset by higher calf exports to the Netherlands and France. Live exports of

calves to the Netherlands increased by 9,000 head driven by stronger farmer demand there particularly for lighter calves from dairy based breeds while calf exports to France increased by around 3,000 head.

Irish exports of weanlings and stores were back almost 32,000 head driven by lower shipments to traditional markets such as Italy and Spain. To Italy, exports of weanlings and stores were back over 8,000 head with higher weanling prices domestically driven by increased demand from beef finishers while exports to Spain were back by over 4,000 head. Feed prices for intensive feedlot beef sector have eased significantly in these markets, however consumer demands for beef remains slow. For most of the year prices of weanlings in France, the main supplying country have been quite competitive, which restricts Ireland's potential to significantly increase market share although this was offset somewhat by a bluetongue outbreak in autumn 2015.

There was a decline in live exports to non-EU markets. A 79% decrease was recorded due largely to reduced shipments to Libya due to a difficult political situation there with lower exports also recorded to Morocco. However there were larger consignments of weanlings exported to Tunisia.

Exports to Northern Ireland were up 2% driven by better trade for weanlings and adult cattle. In contrast there was a significant reduction in live cattle exports to Great Britain which declined by 60% compared to 2014 levels. This decrease was largely driven by reduced exports of adult cattle and stores. Adult and finished cattle comprised approximately 72% of live exports to the UK.

Table 3.2: Live Cattle Exports by selected country

Country	2015 (YTD)	2016 (YTD)*
Spain	27,329	33,001
Netherlands	43,590	26,818
Northern Ireland	31,018	15,361
Italy	11,934	14,156
France	8,453	5,752
Other Countries	5,434	2,136
Great Britain	4,222	2,056
Belgium	347	211
Total	132,327	99,491

Source: DAFM
*Up to Week 30

3.1.2 Live Cattle Outlook

Mixed outlook for live exports anticipated

The outlook for live cattle exports in the short term appears mixed with recovery in traditional markets expected but offset by decreased demand from other key markets. For the year to date live exports continue to be down by around 25% with lower exports to a number of key markets offsetting recovery in traditional markets. Lower veal prices were offset by a fall in price for milk replacer, one of the main production costs, which has decreased significantly in price in line with lower milk prices. However IBR restrictions continue in some markets while tighter regulations are affecting calf exports in Belgium and Netherlands. For the year to date calf exports to the Netherlands are back by over 30%.

In contrast live cattle exports have recovered to traditional markets such as Italy where there are some signs of an economic recovery with some increase in consumer confidence and spending anticipated. In Spain a recovery in domestic beef consumption is expected with import demand likely to increase due to fewer animals carried over into 2016. Demand for Irish cattle in Spain so far this year remains strongest for calves particularly older calves greater than 80kg in live weight.

Lower trade to the UK has been reported for the year to date with significantly lower numbers of finished and breeding cattle exported compared to 2015 levels. A weakening sterling compared to the euro, accelerated by uncertainty arising from Brexit has reduced our price competitiveness in the UK while a recovery in supplies there is also resulting in decreased UK demand.

For the year to date very little trade to non EU markets has been reported due to reduced exports to markets in North Africa, however market access to Egypt and Turkey has been secured and it is hoped shipments will commence in the short term. Overall in 2016, live exports will depend on price competitiveness, sanitary issues, bovine supplies and consumer demand for beef in our key export markets.

3.2 Live Sheep Exports

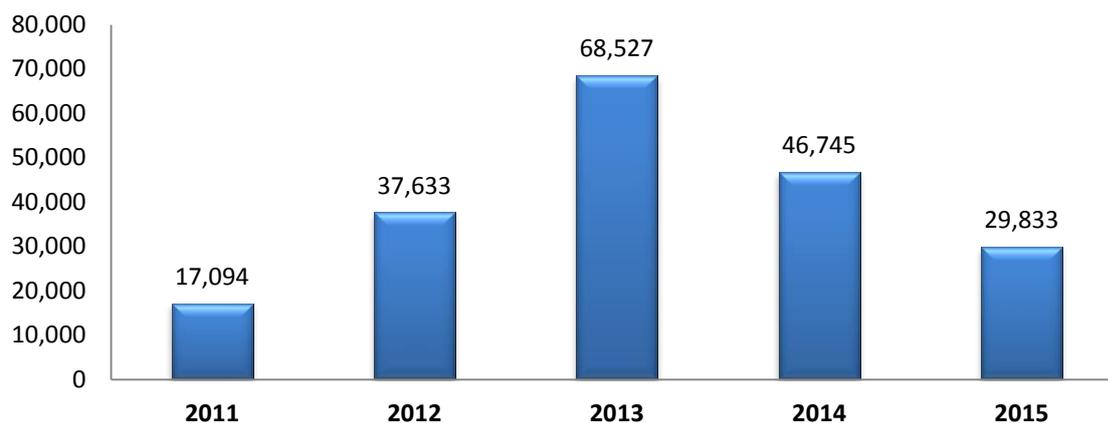
Decline in live sheep exports continues

Following on from a 32% reduction in live sheep exports in 2014, a further 30% reduction was recorded in 2015 with live ovine exports totalling just under 30,000 head. This was the lowest number of live exports since 2011 with exports peaking in 2013 due to the spike in shipments to Libya. The main export destinations for Irish live sheep in 2015 were

concentrated on continental Europe, with the highest proportion going to France followed by Germany and Italy. In total France accounted for 60% of our live sheep exports. Looking at non EU markets a large shipment to Singapore was recorded in autumn of 2015. In the short term for the remainder of 2016 there is little evidence to suggest any significant increase in live sheep exports, with much depending on demand ahead of Muslim festivals such as Eid al-Adha. In value terms, live sheep exports declined by around 32% to around €5 million.

On an international level, the EU remains one of the largest exporters of live sheep in the world with North Africa and the Middle East the main destinations for live sheep due to a tradition of sheepmeat consumption there with a preference for lighter carcasses. In total over 1.75 million head of sheep were exported from the EU in 2015 down from almost 2 million head in 2014. The main markets were Lebanon and Jordan which offset the reduced trade to Libya while the main EU countries exporting live sheep were Romania and Spain.

Figure 3.3: Live sheep Exports 2011 to 2015 (Head)



Source: DAFM

3.3 Live Pig Exports

Decline in live pigs

There was a 14% decline in exports of live pigs to Northern Ireland last year compared to 2014 levels totaling around 510,000 head which equates to under 10,000 pigs per week on average exported there. In value terms the trade was estimated to be worth around €55 million which represents a 17% decline on 2014 levels. This was driven by reduced volumes coupled with reduced live weight prices for pigs. For the year to date in 2016, live pig exports to Northern Ireland are back by over 12% due to fluctuating exchange rates and a recovery in supplies in Northern Ireland. Live pig exports in the short term will be underpinned by

supplies in Northern Ireland coupled with our price competitiveness driven by exchange rate volatility.

4. PIGS AND PIGMEAT

4.1 Pig Herd Size

Overall herd size decreases

Irish pig numbers showed a 2% decrease in the December 2015 livestock survey. This is largely due to a decrease in the number of breeding pigs of more than 4%. This indicates some stabilization in the pig herd following declines over the previous two years. There was some further increase in number of gilts which points towards some longer term rise in output while the number of finishing pigs also saw a rise. According to the latest DAFM pig census, the average size of active pig herd stands at 776 pigs which is a double digit increase on 2014 levels. In terms of regional distribution, the counties with the largest proportion of pig population continue to be Cork followed by Cavan and Tipperary.

Table 4.1: Pig numbers, 2011 to 2015 December Livestock survey* ('000 head)

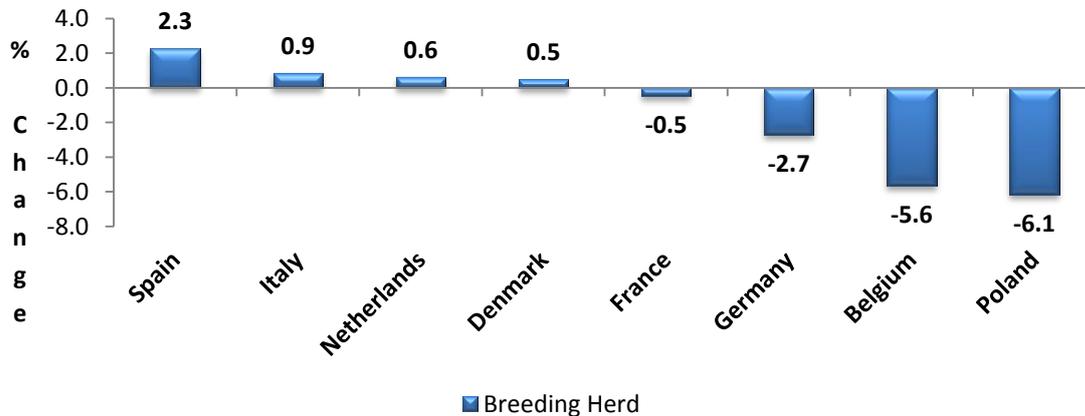
	2011	2012	2013	2014	2015
Total pigs	1,553	1,494	1,469	1,506	1,475
Breeding pigs	148	146	146	147	140
Gilts in pig	18	21	19	20	20
Sows in pig	89	83	79	83	78
Other sows	23	26	30	28	26
Gilts not yet served	16	15	16	15	15
Boars	1	2	2	2	1
Fattening Pigs	1,405	1,348	1,323	1,359	1,334
≥ 80 kg	403	413	381	385	397
50kg ≥ ≤ 80kg	335	299	273	297	290
20kg ≥ ≤ 50kg	220	229	242	238	239
<20kg	448	408	427	439	408

Source: CSO December Livestock survey

*Note figures may vary due to rounding

The EU pig breeding herd decreased by 1% in 2015 following a rise in 2014. The largest producer Germany recorded a decrease of almost 3%. Similarly the breeding herd in Poland and Belgium declined significantly by around 6% for both countries. In contrast a marginal rise in Italian numbers was recorded while Spanish sow numbers were over 2% higher.

Figure 4.1: Change in EU pig breeding herd (June 2015 vs. June 2014)



Source: European commission

4.2 Pig Disposals

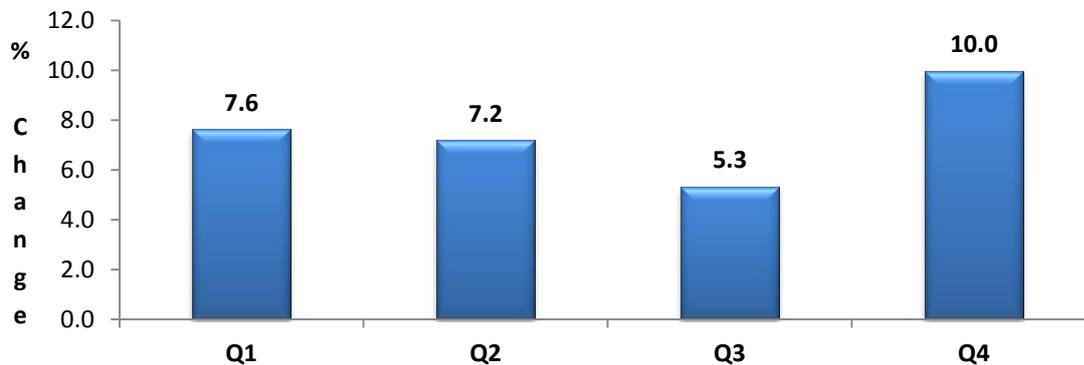
Increase in disposals

[Total pig disposals in the Republic of Ireland](#) increased by almost 8% in 2015 to reach 3.19 million head. Supplies were boosted by a 3% rise in the breeding herd in 2014, a 4% decline in live exports and an increase in productivity per sow.

On a quarterly basis pig supplies in 2015 recorded significant rises ranging from a 5% increase on 2014 levels in the third quarter of the year to a 10% rise in the final quarter. Exports of live pigs to Northern Ireland fell by around 4% in 2015 to stand at 510,000 head.

In Great Britain, supplies were up 4% in 2015 compared to 2014 levels at almost 9 million head while in Northern Ireland pig throughputs were up by 5% in 2015 reaching almost 1.67 million head. On the continent supplies were up 1% and over 2% in Germany and the Netherlands respectively while in France a 4% decline was seen with some ease in Danish throughputs also reported.

Figure 4.2: Change in quarterly supplies of pigs 2015 vs. 2014



Source: DAFM

4.3 Output

Rise in pigmeat output

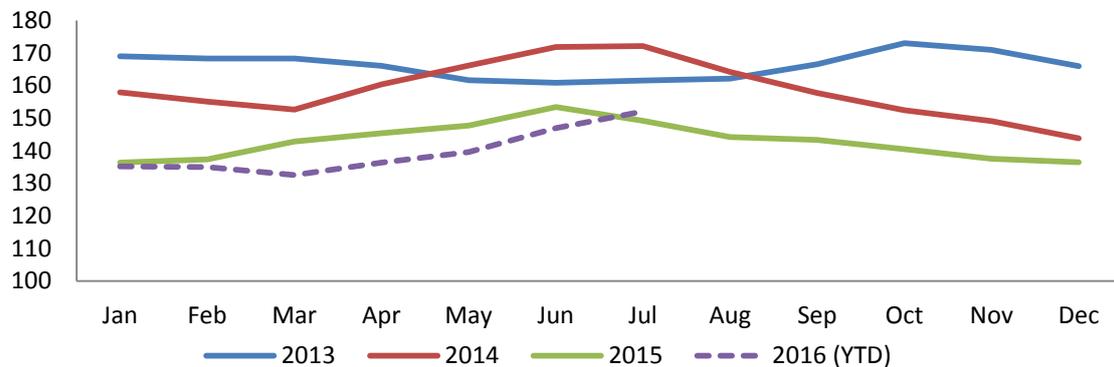
Higher pig supplies coupled with the drop in live exports to Northern Ireland and an increase in carcass weights by almost 3% resulted in Irish pigmeat output increasing by around 9%. Net production reached around 276,600 tonnes, which was up by 22,000 tonnes on the previous year and was over 20% higher than the 10 year net production average. Almost 98% of net production was from export meat plants with around 2% at local abattoirs. For the first half of 2016 supplies have been still strong with little change in carcass weights leading to a 5% rise in production. However a decline in breeding pig numbers in 2015, point towards a decrease in supplies in the latter half of 2016 suggesting output growth for the full year 2016 will not be at the same rate as year previous levels.

4.4 Pig Prices

Drop in average pig price in 2015

The average [Irish Grade E pig price](#) stood at €1.43/kg in 2015, which was almost 10% behind 2014 levels. Prices during the early part of 2015 were subdued reflecting slow demand coupled with output increases. The on-going Russian ban coupled with a rise in EU production also put pressure on the price over the last year. Irish prices peaked in June at €1.53/kg. For the year to date, average producer prices are back around 4% compared to the same period in 2015.

Figure 4.3: Irish Grade 'E' Pig Prices, 2013 to 2016 (c/kg DW excl. VAT)

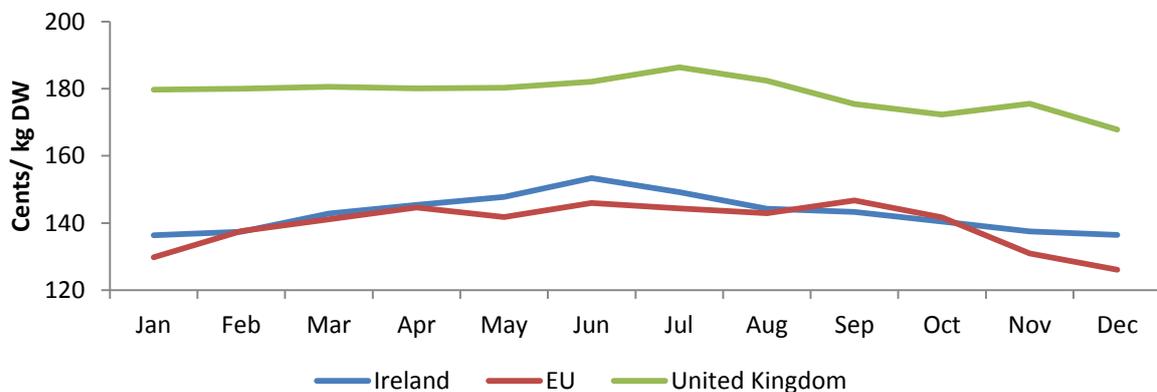


Source: DAFM

Figure 4.4 compares Irish, EU and UK average prices with the UK showing the highest average price. Irish prices were 102% of average EU prices in 2015, a marginal improvement on 2014. Compared to the UK, the Irish price was 80% of the average UK price in 2015 with further strengthening in sterling against the euro contributing to this differential.

For the year to date 2016, the Irish price is 102% of the average EU price while the price differential with the UK has weakened due to the strengthening of the euro with the Irish price now 95% of the average UK price so far this year.

Figure 4.4: Ireland Grade 'E' pig price v UK and EU prices, 2015



Source: European Commission

4.5 Imports

Decrease in imports

There was a 6% reduction in pigmeat imports in 2015 with the majority of these imports coming from the UK and mainland Europe overall for the year. Total pigmeat imports are estimated to have reached just under 100,000 tonnes. For the first quarterly period of 2016

imports were back by 3% and going forward this will depend on supplies on the home market and currency fluctuations.

Table 4.2: Pigmeat Balance sheet 2011 to 2016 (f)* ('000 tonnes cwe)

'000 tonnes cwe	2011	2012	2013	2014	2015 (p)	2016 (f)
GIP Production	288	281	275	296	314	310
Net Production	234	241	239	254	276	290
Pigmeat Imports	78	81	99	107	100	97
Pigmeat Exports	168	180	193	210	229	240
Consumption						
'000 Tonnes	144	142	145	151	147	147
Kg/head	31.5	31.0	31.6	32.8	31.8	30.9
Self Sufficiency rate	162%	170%	165%	168%	188%	197%

Source: CSO/Bord Bia Estimates

*figures for 2015 are subject to review and 2016 are forecast figures

4.6 Consumption

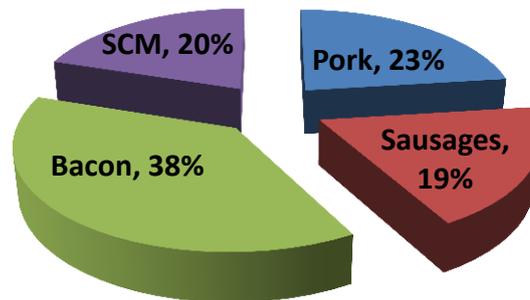
Decline in pigmeat consumption

There was a decline in retail pork sales in Ireland in 2015 due largely to a decline in number of shoppers and volume purchased per buyer with pork chops and joints seeing the largest declines. Retail sales of bacon eased by less than 2%, while in contrast sausage volumes jumped by 2%. Sliced cooked meats (SCM) showed the largest increase with a rise of almost 5%

Figures for the first half of 2016 continue to show pork sales at retail level remain under pressure while there has been a recovery in bacon coupled with a rise in sausages and SCM.

Bacon sales comprise 38% of total retail pigmeat sales and are dominated by the sales of bacon joints and rashers. Pork retail sales make up around 23% of pigmeat retail sales and are comprised mainly of pork chops and joints followed by pork casserole and mince. Sausages make up 19% while sliced meats make up 20% of retail pigmeat sales. In terms of self-sufficiency, Ireland is over 180% self-sufficient in pigmeat production.

Figure 4.5: Proportion of retail pigmeat sales in volume terms



Source: Kantar World Panel 52 w/e 27th Mar 2016

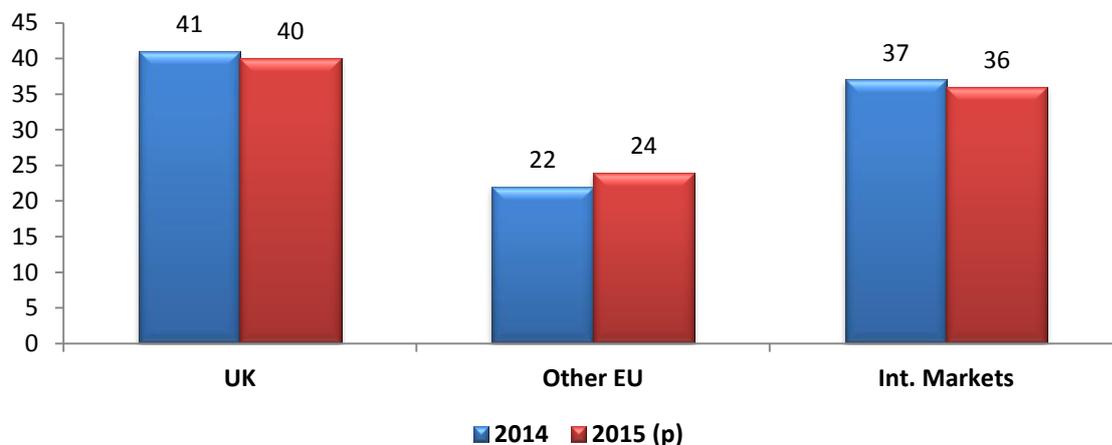
4.7 Exports

Exports up across all regions

There was an increase in overall exports by around 9% in 2015, reaching 229,000 tonnes. Increased volumes offset a reduction in average prices to leave the value of Irish pigmeat exports 2% higher in 2015 at around €590m.

Focussing on markets, Irish pigmeat shipments to the **United Kingdom** performed well with volumes over 5% higher at 90,000 tonnes. The value of this trade is estimated at €36m,, which is 6% higher compared to a year earlier.

Figure 4.6: Distribution of pigmeat exports (% of volume)



Source: Bord Bia Estimates

Exports to the **Continental EU** markets showed a rise in 2015 driven mainly by a strong increase in shipments to Germany, Sweden and France which more than offset reduced shipments to Denmark and Belgium. For the year 2015, exports to the Continent are estimated to have reached 47,000 tonnes and due to reduced price per tonne exports fell by 6% and were worth around €95m.

Exports of Irish pigmeat to **International markets** performed strongly despite the ongoing issues with supplying Russia. Outside of the UK, China remains the second most important market in volume terms, with exports growing significantly to reach around 45,000 tonnes, reflecting higher demand.

As a result of the Russian market being effectively closed to Irish exporters in 2014, more product was redirected towards other markets. Despite declines in exports to Japan, Korea and the Philippines, there was an increase in trade to Australia and Vietnam albeit from a small starting point.

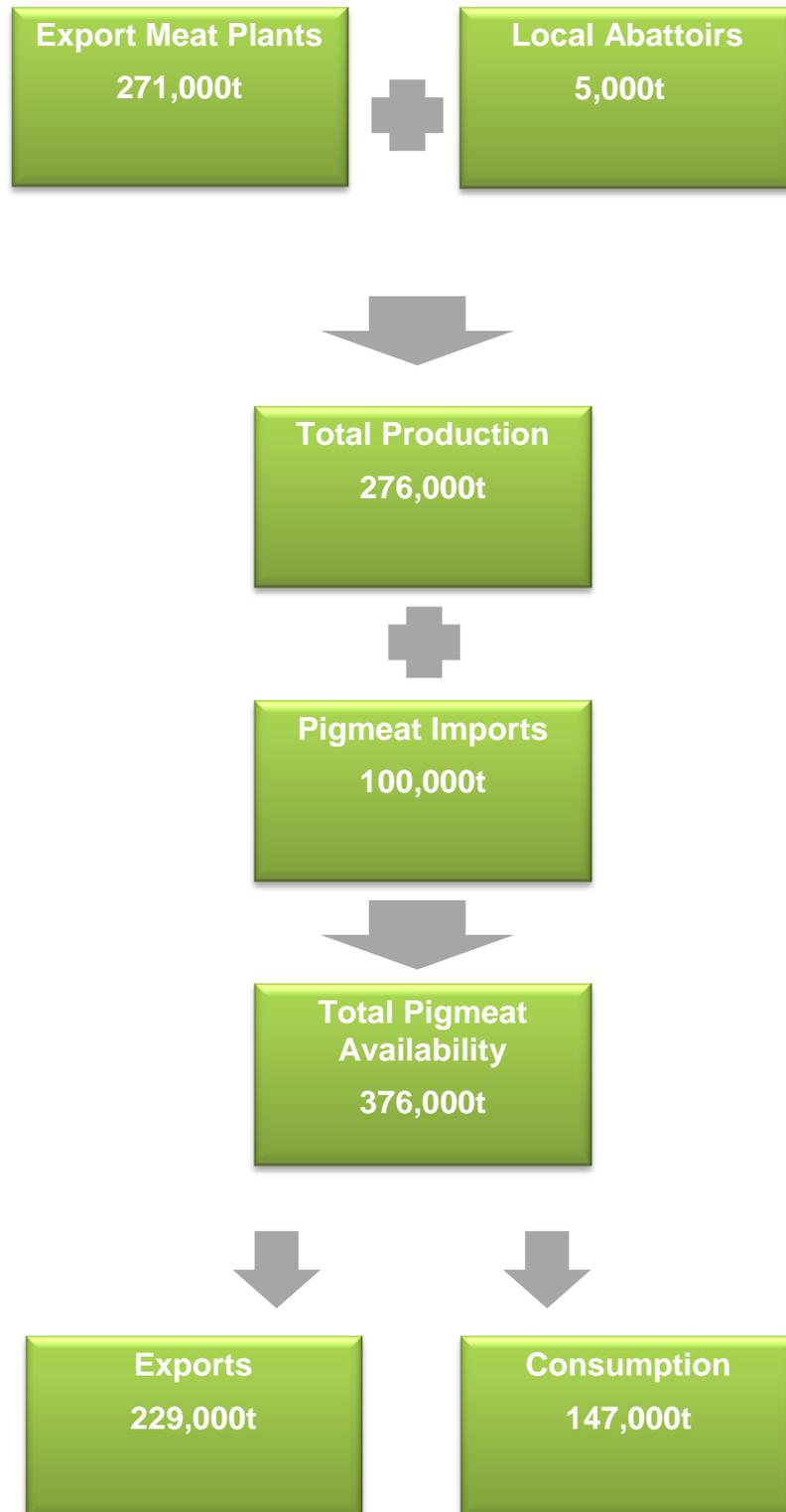
For the year exports of Irish pigmeat to markets outside of the EU are estimated to have grown by 5% to around 82,000 tonnes yet offset by lower value. This trade was valued at around €135m for 2015.

4.8 Outlook 2016

The prospects for the pigmeat sector in the short-term are difficult to call as increased output, the ongoing absence of the Russian market for many exporters and currency fluctuations point to a mixed market environment for the full year 2016. This has affected the EU in particular and has led to a redistribution of supplies to Asian markets such as China. For the remainder of the year the EU is set to ease production due to a decline in the breeding herd in 2015, by around 1% in the June livestock census driven by decreases in some of the largest producing countries such as Germany. However it must be remembered that strong volumes were placed in EU Private Storage Schemes and recovery will not take place until surplus stocks have eased. In total almost 64,000 tonnes was placed in private storage since January 2016 with legs making up the largest share of private storage aid product. Spain and Denmark had the highest quantities of product in EU Private Storage while Ireland had over 800 tonnes in the scheme or just over 1% of the total. In the UK, fluctuating exchange rates on the back of the Brexit referendum is leaving imported product from the Eurozone less competitive. Lower imports have been recorded to the UK for the early months of 2016 while a weaker sterling is leading to a rise in UK pigmeat exports.

According to the latest Rabobank quarterly report, China is not expected to recover supplies in the short term due to new policy regulations which will affect herd expansion. However import demand is set to rise driven by lower domestic supplies with imports supplied mainly by Germany, Spain and the US. Chinese pork imports including by products are forecast to move upwards towards 2 million tonnes for the full year 2016. In contrast in Japan and Korea, imports are forecast to decline compared to 2015 levels due to higher domestic supplies however this is anticipated to be offset somewhat by a rise in trade to Vietnam and the Philippines. In the US, the latest USDA forecast is pointing towards a rise in production for the full year 2016 reaching record production levels of over 11 million tonnes followed by a further 2% increase in 2017. Lower feed prices is helping the industry there while in terms of trade a 5% rise in exports is forecast for 2016 however trade may be affected by a stronger US dollar coupled with increased supplies in competing countries. In Brazil, production is forecast to rise by a further 2% in the short term with favourable exchange rates driving exports. However domestically there has been a sharp rise in production costs due to higher feed costs.

Fig 4.7: Pigmeat Supply Chain 2015



Source: Bord Bia estimates

Key pigmeat market drivers for 2016

- Slowdown in growth in Irish supplies.
- Ease in EU pigmeat production.
- Mixed global demand.
- Russian restrictions to persist.

5. SHEEP AND SHEEPMEAT

5.1 Flock Size

National flock remains stable

Following a significant decline in sheep numbers in 2013 and recovery in 2014, some stability appeared in the national flock in 2015. Total sheep numbers were steady at 3.3 million head according to the latest December Livestock survey from the CSO. Within this, breeding sheep showed a decline of 2% with most categories stable with the exception of hoggets which recorded a rise of under 4% compared to 2014 levels which suggests some flock rebuilding. According to the DAFM national sheep census, more than one third of total sheep numbers are concentrated in the West and North West of the country with the largest number of flocks and sheep in county Donegal. On average across the country the latest figure for average flock size is around 107 sheep.

Table 5.1: Sheep Flock 2011 to 2015* December Livestock Survey**

'000 head	2011	2012	2013	2014	2015*
Total sheep	3,321	3,430	3,324	3,325	3,325
Breeding sheep	2,524	2,576	2,546	2,504	2,486
Ewes	2,451	2,501	2,473	2,430	2,412
Ewes ≥ 2 years	1,932	1,989	1,999	1,980	1,946
Ewes < 2 years	519	512	474	450	466
Rams	73	75	73	73	74
Other sheep	797	854	778	821	839

Source: CSO December Livestock survey

*figures subject to review and may change

**Note figures may vary due to rounding

Across the EU, the sheep population exceeds 225 million head of sheep driven by high ovine numbers in the UK, Spain, Romania and Greece with national flocks ranging from 20 million to over 55 million head in those countries. On a global scale, following some decline in recent years the Australian sheep flock is forecast to recover to around 70 million head in 2016 with this trend expected in the medium term driven by higher returns in the market. In New Zealand, a decline in breeding sheep numbers resulted in a further decrease in the national flock in 2015 reaching under 30 million head.

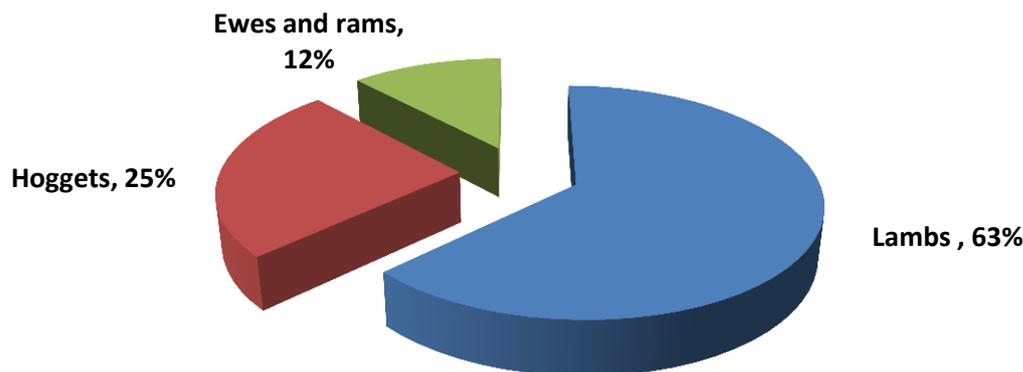
5.2 Sheep Disposals

Little change in sheep throughput

[Total sheep disposals at export meat plants](#) remained relatively stable in 2015 at 2.62 million head. This was characterised by tight supplies of hoggets, in the early season which were

down by around 6% or almost 44,000 head. New season lamb throughput increased by 77,000 head or 5% while cull ewes and rams disposals declined by 12% compared to 2014 levels.

Figure 5.1: Distribution of sheep disposals, 2015



Source: DAFM

Table 5.2: Irish Sheep Supplies, 2014 vs 2015 ('000 head*)

	2014	2015	% Ch
Total sheep	2,612	2,616	0.15%
Hoggets	677	644	-5%
Lambs	1,581	1,658	+4.87%
Ewes and rams	354	314	-11%

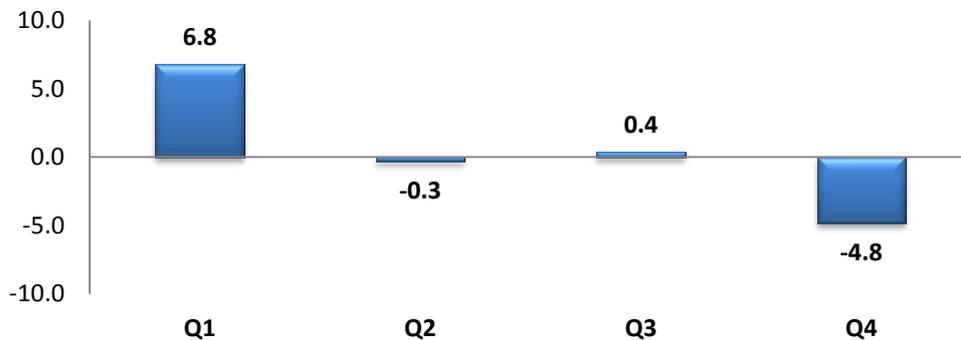
Source: DAFM/Bord Bia

*Note figures are rounded

Despite tight supplies of hoggets in the early part of the year supplies of lambs recovered to show a 2% increase in 2015 reaching 2.3 million head. This was due to higher spring lamb supplies due to near ideal lambing conditions with increased levels of prolificacy and optimum grazing conditions particularly during the spring and summer months. Higher demand in summer and late autumn also contributed to earlier marketings.

Quarterly disposal figures are given in figure 5.2 which highlight that the largest decline in supply was in quarter four, which was 5% lower than a year earlier. The first quarter of 2015 showed the highest rise in supplies due to earlier supplies of spring lamb and higher demand which increased marketings of spring lamb. Throughputs of cull ewes and rams remained down for every quarter of the year suggesting a renewed focus on breeding with the largest decline seen in the third quarter of 2015.

Figure 5.2: Percentage change in quarterly sheep supplies 2015 vs 2014



Source: DAFM

Looking at 2016, for the year to date there has been a higher carryover of hoggets from last year which has resulted in a rise in supplies for the first half of this year. Supplies for the full year will depend on supplies of new season lamb which so far this year have been steady coming through coupled with higher numbers of hoggets and cull ewes and rams. Easter was earlier this year compared to 2015 while lambing has been reported later than year previous levels. Overall from January until July 2016 supplies have recovered by 4% compared to the same period in 2015 which is due to a rise in hoggets and looking ahead for the full year throughputs are expected to be up.

In Northern Ireland, throughputs rose 2% in 2015 while in Great Britain supplies increased by over 3%. For January until late July of 2016 there have been lower sheepmeat supplies in Northern Ireland and Great Britain with throughputs back by 13% and 2% respectively.

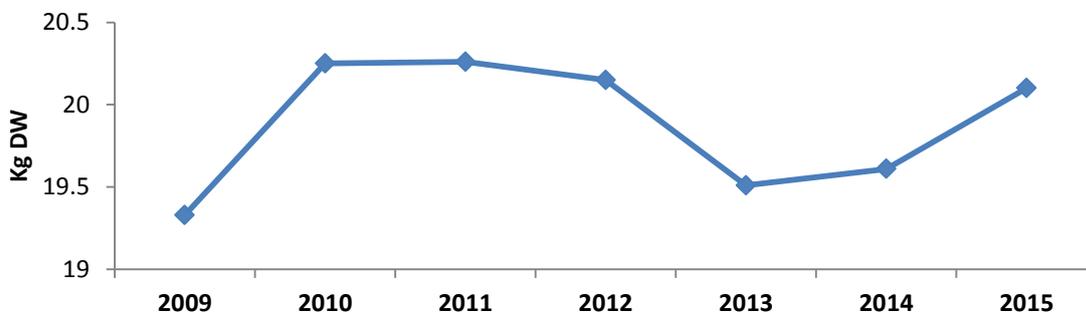
5.3 Output

Marginal rise in production

For the full year 2015, net production totalled around 58,400 tonnes (cwe), which was over 1% ahead of the previous year driven by higher throughputs and carcass weights. This represents a 22% increase in net production since 2010 yet almost 2% below the 10 year net production average. Relatively good grazing conditions and the absence of harsh weather throughout the year resulted in an increase in carcass weights by 0.49kg. This increase follows on from a recovery in carcass weights in 2014. Around 90% of production is from export meat plants with 10% of production coming from local abattoirs. Some further increase in net production is anticipated for 2016. So far in 2016 average carcass weights are around 20.5kg which is a further rise on last year's levels and also highlighting genetic

improvement and increased feed efficiency resulting in lambs coming through in better condition.

Figure 5.3: Average Lamb Carcase Weights 2009 to 2015



Source: DAFM

For January to June 2016, net production is up over 7% on the same period in 2015. This rise in net production has been largely on the back of increased throughputs in particular for cull ewes and rams coupled with higher carcase weights.

Table 5.3: Sheepmeat Balance sheet* 2010 to 2016 (f*) ('000 tonnes cwe)

	2011	2012	2013	2014	2015 (e)	2016 (f*)
GIP Production	39.0	45.2	49.8	51.1	50.8	52.7
Net Production	48.1	53.7	57.5	57.6	58.4	62.0
+Sheepmeat Imports	3.5	4.0	5.0	4.6	4.8	5.0
-Sheepmeat Exports	36.5	41.5	47.5	46.3	47.6	51.8
Consumption						
- '000 Tonnes cwe	15.1	16.2	14.9	15.9	15.6	15.2
- Kg/head	3.3	3.5	3.3	3.5	3.4	3.2
Self Sufficiency Rate	319%	331%	385%	361%	375%	408%

Source: CSO/Bord Bia Estimates

*figures for 2015 are subject to review and 2016 are forecast figures

Looking at some key global producers, sheepmeat production was back by over 1% in the EU last year driven by decreases in Spain, Italy, Romania and to a lesser extent France. In the UK production increased 1% based on higher throughputs but offset by a decrease in supply at the end of the final quarter of the year. For the full year 2016 net production in the UK is forecast to rise by less than 2% to over 300,000 tonnes driven by higher throughputs of adult sheep. New Zealand lamb production declined by over 3% last season and is forecast to be back over 7% for the 2015/2016 season due to lower supplies on the back of a decline in the breeding flock. Meanwhile in Australia, lamb production was up 1% last year

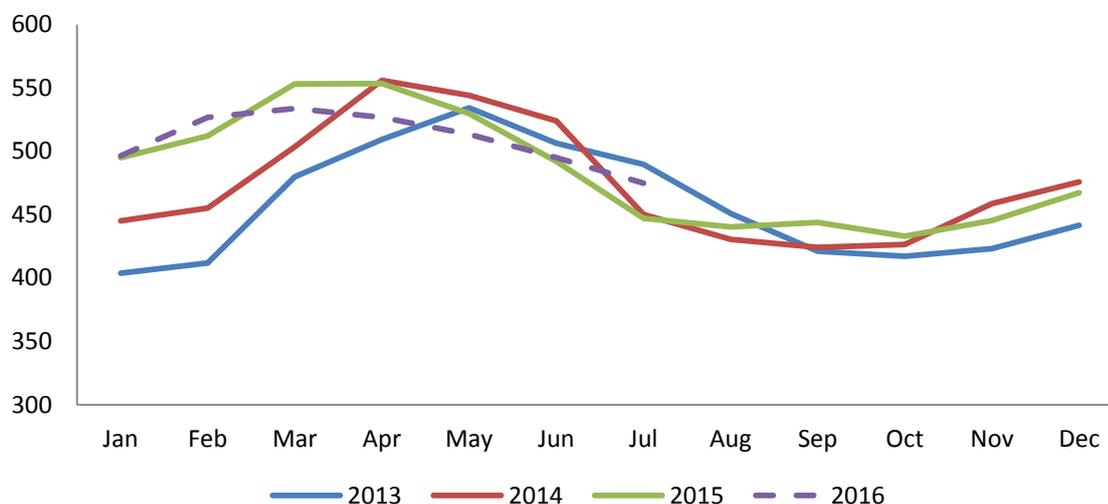
but is expected to decline by over 2% in 2016 reaching around 482,000 tonnes due to reduced numbers but offset by some productivity increases.

5.4 Lamb Prices

Further Rise in lamb prices

On average, [Irish lamb prices](#) were around 2% higher in 2015 at €4.84 /kg DW excl. VAT. The highest prices were recorded in April with the lowest prices evident in the third quarter of 2015 particularly in October. Tight supplies particularly in the first half of the year coupled with strong demand drove this increase in prices.

Figure 5.4: Irish Lamb Prices, 2013 to 2016 (YTD) (c/kg DW excl. VAT)



Source: DAFM

On a European level, the average weighted EU heavy lamb price was €5.14/kg with the average Irish price making up over 90% of this. The highest price in Europe for heavy lamb was recorded in France followed by the UK with strong prices also reported in Belgium and Spain. The average UK price was marginally higher at almost €5.22/kg in 2015 with the average price in France down slightly at €6.32/kg. In Oceania, the average trade lamb prices for the year were €3.68/kg and €3.52/kg for Australia and New Zealand respectively, which is less than 80% of the average Irish price last year. Light lamb prices were on average 3% higher in 2015 across Europe and the average EU price was €6.10/kg driven largely by higher Spanish light lamb prices.

Table 5.4: Selected Lamb Prices* (c/kg DW excl. VAT)

	2013	2014	2015	% Ch 15/14
Belgium	480	521	520	-0.2
Spain	463	547	500	-8.6
France	623	634	632	-0.4
Spain	489	519	522	0.6
EU	489	513	514	0.3
New Zealand	311	353	352	-0.3
Australia	314	356	368	3.4

Source: European Commission/Bord Bia

*Note rounding

Looking at year to date prices average prices are down on 2015 levels with the average year to date Irish lamb price back 1% on year previous levels. Towards the rest of this year, prices will depend largely on the level of supply after lambing coupled with demand developments.

5.5 Imports

Recovery in lamb imports

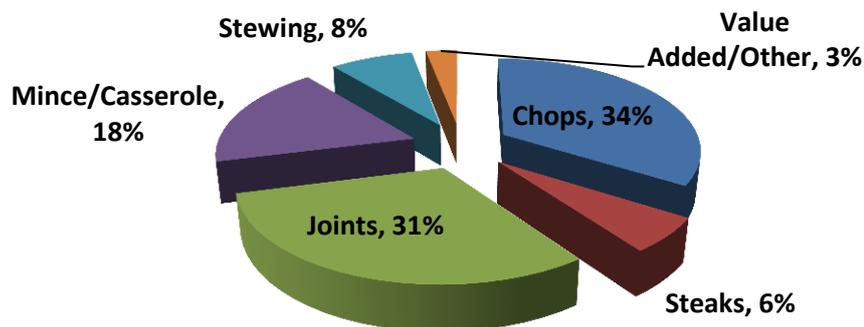
Sheepmeat imports into Ireland increased by over 3% in 2015 to reach 4,800 tonnes. Over 90% of imports come from the UK. For the year to date 2016 the strengthening euro is resulting in a rise in imports and for the full year it is provisionally forecast that imports will reach around 5,000 tonnes.

5.6 Consumption

Ease in consumption

Lamb consumption on the Irish market showed a decrease of 2% in 2015 at an estimated 15,600 tonnes in 2015 which equates to around 3.4kg per capita. At retail level this was driven by reduced volume per trip and switching to cheaper proteins. As shown by figure 5.5 below lamb joints comprise at retail level 31% of sales with a rise of 2% recorded. Lamb chops made up around 34% of retail sales with lamb mince comprising an 18% share.

Figure 5.5: Proportion of retail lamb volume sales by product



Source: Kantar World Panel 52 w/e 24 Apr 2016

Compared to 2014 levels, there has been a decline for retail sales of lamb joints with a recovery in consumption at retail level of lamb mince and stew. The average lamb retail price in Ireland was €10.50/kg compared to €10.37/kg in 2014 which represents a 1% rise in average retail prices. For the year to July the average price is €10.73/kg down slightly on 2015 levels.

Looking at the price spread across the supply chain the average producer price was around 46% of the average ROI retail lamb price and this is relatively steady over time. However it must be noted that the producer price is a carcass price whereas retail prices relate to final packaged products produced to specifications.

Table 5.5: Producer to Retailer Lamb Price Spread*

	2012	2013	2014	2015
Producer Price (€/kg Incl VAT)	4.8	4.8	5.0	5.1
Retail Price** (€/kg)	10.5	10.3	10.4	10.5
Price difference (€/kg)	5.9	5.8	5.6	5.7
Producer Proportion of retail price %	46%	47%	48%	48%

Source: DAFM/Bord Bia/Kantar

*Note rounding of figures

**Source: Kantar World Panel Sample >3,000 ROI households

5.7 Exports

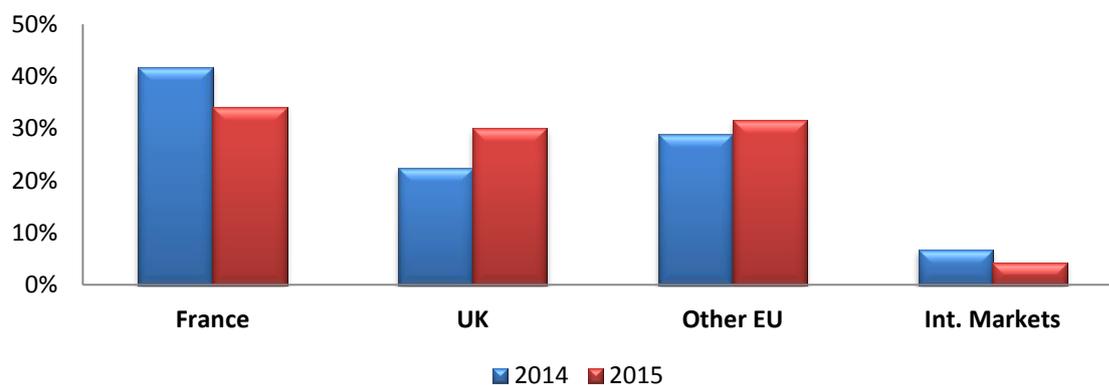
UK and France remain main destinations

Overall exports increased by around 3% in 2015 totally 47,600 tonnes based on higher net production coupled with an ease in domestic consumption. In value terms this amounts to around €230 million up 5% on the previous year's value. The UK and France continue to be the core markets for Irish sheepmeat accounting for 60% of total export volumes. However, unlike last year exports to France eased slightly to around 16,000 tonnes and were valued at

over €80 million. Shipments to the United Kingdom stood at around 14,000 tonnes and valued at almost €50 million.

Germany, Belgium and Sweden remain key growth markets for Irish lamb with higher returns from these markets. Exports to Germany reached 3,600 tonnes and were valued at around €22 million driven by higher value per tonne coupled with increased demand from premium retailers and high end restaurants. Similar quantities were reported in Sweden which represents a 9% rise in volumes compared to 2014 levels. Ireland provides almost 30% of Sweden's lamb imports and is the main supplier alongside New Zealand. In Belgium Irish lamb exports recorded a double digit growth in 2015 and this represents a new high for Irish lamb in Belgium following a threefold increase between 2009 and 2014. This was helped by an ease in UK exports to Belgium but offset somewhat by a recovery in New Zealand supplies on the Belgian market. Irish lamb exports to the Netherlands showed a significant rise albeit from a small base while outside of the EU, exports to Switzerland showed a rise of almost 4% to reach over 1,000 tonnes.

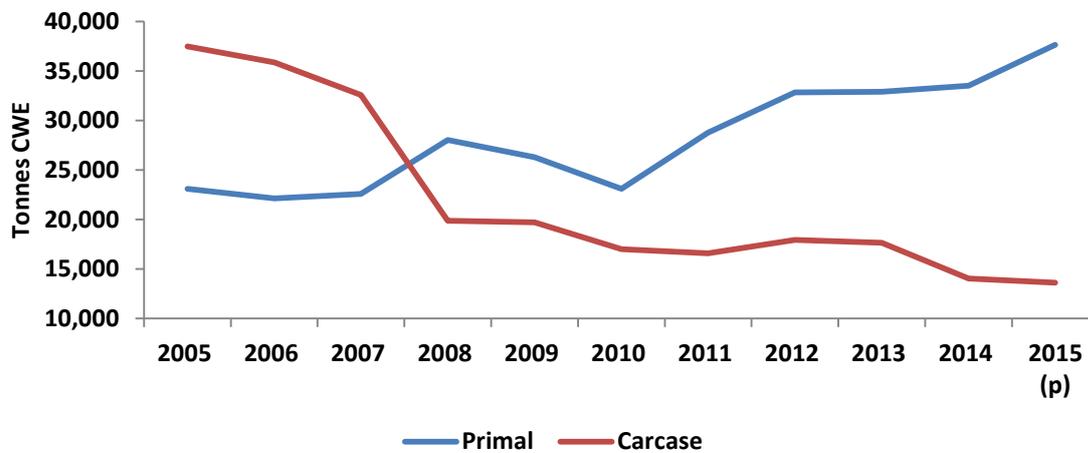
Figure 5.6: Distribution of Irish sheepmeat volumes 2015 (%)



Source: Bord Bia estimates

Looking at exports over time there has been a shift in trade away from carcasses to primal cuts which has helped the value of our exports. In 2005 almost two thirds of exports were lamb carcasses compared to one third primal cuts. In contrast over the last decade this has now been reversed with primal or value added products now accounting for almost 75% of exports and carcasses now only making up a quarter of exports. In terms of fresh and frozen product, there has been a growth in proportion of frozen exports from 10% in 2005 compared to over 20% in 2015.

Figure 5.7: Irish sheepmeat exports by product



Source: CSO/GTIS

5.8 Outlook 2016

Decline in New Zealand sheepmeat production

The global sheepmeat market continues to become more polarised between the traditional markets of Europe and emerging markets where domestic supplies struggle to match demand. These developments are leading to a narrowing of the price differential between New Zealand and European lamb. Given the attractiveness of the Irish lamb proposition, European retail/foodservice buyers are increasingly looking towards Ireland as a source of high quality product.

Reduced price volatility is also evident in Europe as demonstrated by the fact that during the transition from hogget to new season lamb, prices remained above the €5/kg mark and it wasn't until early July when the main volumes of UK lamb came onto the market that prices realigned

Following a rise in 2015, EU output is likely to remain steady in 2016. It is hoped that stable production, a strong live trade and a forecast drop in New Zealand output will help price levels. The live trade will depend on sanitary issues such as Bluetongue and Schmallenberg control measures.

In China, a steady rise in production is expected each year until 2020; however this may not be sufficient to meet demand which is forecast to also grow by around 3% per annum until 2020. Demand in the Middle East is expected to remain strong this year due to lower domestic production coupled with a local construction boom while lamb remains a dietary staple in the region. Much of the imports into Asian and the Middle East however will depend on the supply situation in Australia and New Zealand.

In Australia, lower lamb production is forecast in 2016 ultimately leading to forecast reduced exports by around 2% but export volumes are expected to recover in the medium term.

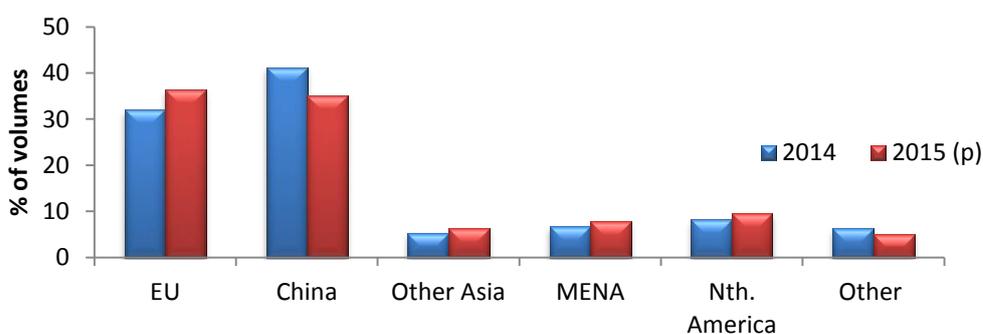
In New Zealand, exports increased by almost 2% in 2015 driven by a rise in production in the second half of the season with increased product redistribution to the EU. In 2016, New Zealand export volumes are expected to decline by around 6%, reflecting lower production. With global demand likely to remain firm, lower New Zealand and Australia supplies are expected to help maintain global sheep prices.

Looking further ahead the future looks positive for sheepmeat on a global scale due to anticipated increases in consumption. The most recent FAO agricultural outlook is pointing to a rise in global consumption of sheepmeat by an average of 2% per annum until 2025. This is being driven by anticipated increases in consumption in the Middle East, Africa, South East Asia and China with less growth expected in developed economies.

Domestically, there has been a higher carryover of hoggets into the first quarter of 2016 coupled with increased carcase weight and higher supplies of adult sheep. This coupled with a more positive price environment in 2015 is likely to lead to a rise in production and ultimately exports in the short term. However much will depend on currency movements between sterling and the euro and the impact Brexit will have on the competitiveness of UK exports in the Eurozone. Furthermore spring lamb supplies and preliminary forecasts for the full year production at this stage are pointing to a rise in overall sheepmeat supplies by up to 5% for the full year 2016.

Religious festivals continue to impact on demand during the year and following an early Easter which increased supplies, Muslim festivals later on in the year should also boost demand. Currency fluctuations between the Euro and Sterling will also impact the trade as the weakening in the value of the Sterling relative to the Euro due to uncertainty arising from the Brexit referendum is likely to make UK exports more competitive.

Figure 5.8: Distribution of New Zealand sheepmeat exports



Source: GTIS

Fig 5.9: Sheepmeat Supply Chain 2015



Source: Bord Bia estimates

Key sheepmeat market drivers for 2016

- Stable EU production
- Currency fluctuations due to Brexit
- Recovery in domestic supplies
- Reduced availability of New Zealand lamb.

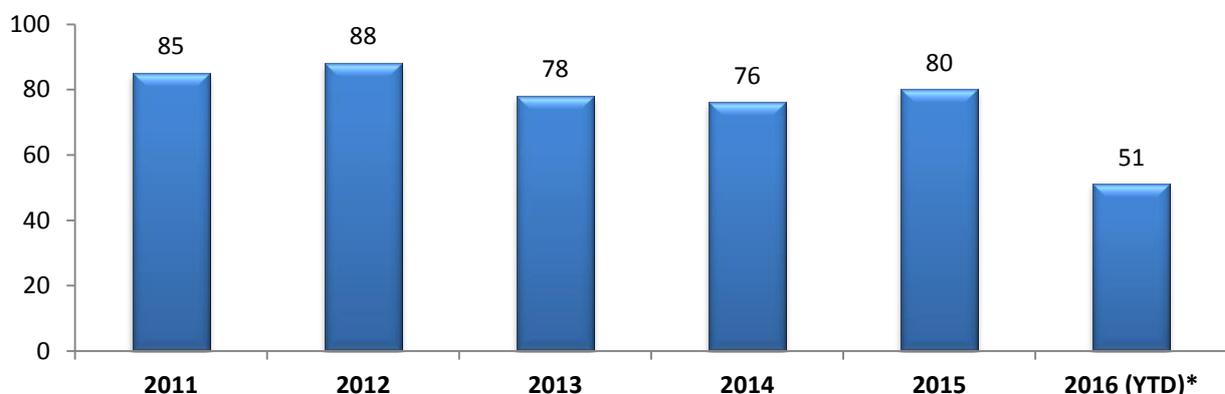
6. POULTRY

6.1 Poultry Disposals

Recovery in disposals

Total number of birds processed in Ireland recovered by almost 5% in 2015 totalling around 80 million birds processed. This represents a 10% decline relative to 2012.

Figure 6.1: No of birds processed (million head)



Source: DAFM

In tonnage terms, this equates to over 123,000 tonnes of poultry output in 2015, which was a rise of 7,000 or almost 6% on year previous levels. Generally, broilers account for over 80% of production followed by turkeys, ducks and hens. From January until the end of July 2016, the number of birds processed reached almost 51 million head – a rise of almost 11% compared to the same period in 2015.

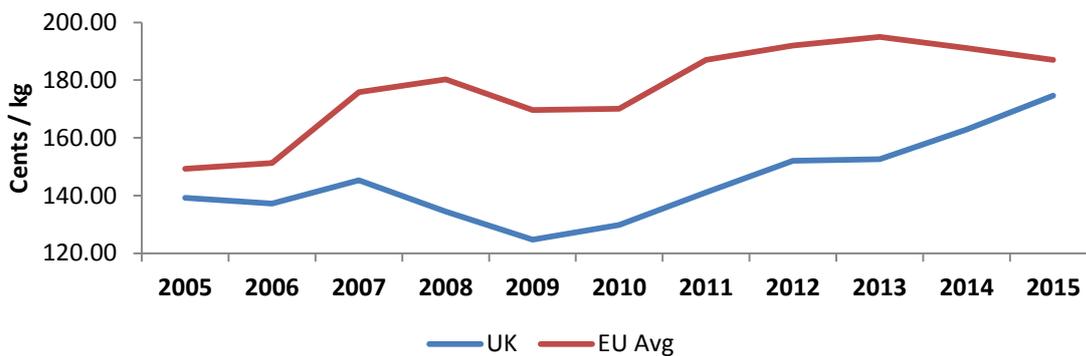
Stable consumer demand and some decline in feed prices helped the poultry sector as 2015 progressed. Poultry production across the EU is forecast to have increased by just under 3% in 2015 reaching 13.8 million tonnes with a 1% rise anticipated in the short term.

6.2 Prices

Decline in EU broiler prices

The EU broiler price for 2015 was around 2% lower compared to 2014 prices at €1.87 per kg. Prices eased in response to higher supplies and over time, the average EU price was almost 2% lower in comparison with a five year average. In contrast the UK broiler price recorded a 7% rise on year previous levels in 2015 reaching almost €1.75/kg.

Figure 6.2: Average annual average EU and UK broiler price (Ex VAT)



Source: European commission

6.3 Consumption

Increased consumption

Retail sales of fresh and chilled poultry in Ireland increased by 5% to almost 40,000 tonnes product weight. Most of this increase is attributed to increased penetration and volume per trip which jumped by 3% combined with stability in penetration while average retail prices declined. Retail prices for poultry averaged €5.26/kg last year, a decline of 5%. The majority of retail poultry sales are made of whole chickens, followed by chicken fillets and chicken wings/legs. The remainder is made up of valued added chicken, turkey and duck.

On an EU level, consumption of poultry increased by around 2% between 2014 and 2015 which leaves per capita consumption in the EU 15 at just over 22kg/head with a further small rise expected for the full year 2016.

6.4 Trade

Rise in Irish exports

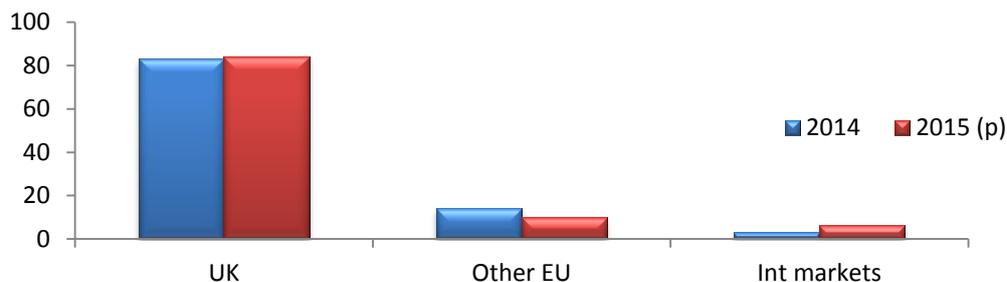
Irish exports are estimated to have increased by 3% to 109,000 tonnes for the full year 2015 and in value terms this equates to a 3% rise reaching €320m.

The value of trade to the **UK**, increased by 4% driven by stronger shipments of processed poultry, poultry offals and frozen poultry. For the year trade was valued at an estimated €267m or some 84% of the total. A high proportion of these exports are being redirected to International markets once they reach the UK, for products such as chicken feet and gizzards and other offal type products.

Exports to **other EU markets** slowed during the year driven by reduced exports to France and the Netherlands. Trade was valued at around €33m.

In contrast shipments to **international markets** increased twofold in 2015 to €20m with most product destined for Africa with some further openings in Vietnam, albeit from a considerably lower base. A high proportion of the processed product and offals going to the UK and the rest of Europe are also destined for international markets.

Figure 6.3: Distribution of Irish Poultry Exports Value (%)



Source: CSO/Bord Bia

6.4 Outlook 2016

Further growth anticipated

The key fundamentals for the global poultry outlook for 2016 are positive. Feed prices are expected to remain relatively stable but will fluctuate regionally due to the effect of El Nino. However, global production is increasing across most regions led by Brazil, the US and the EU. In the US, output increased by almost 3% in 2015 to over 18 million tonnes, with a further 3% rise in production forecast in the short term. In terms of trade, the ongoing Russian ban coupled with HPAI restrictions affected US exports in 2015. However so far this year, there has been a recovery in exports due to the removal of sanitary restrictions with both Asian and African markets expected to import more product however the strong US dollar will affect competitiveness. In Brazil, exports are expected to rise driven by higher demand, a weaker Real and HPAI status of competing countries with strong demand expected from the Middle East and Asia. In China, according to the latest Rabobank quarterly report, supplies have weakened due to reduced breeding stock imports from countries with avian influenza outbreaks. It is anticipated that reduced breeding numbers in China and other Asian markets such as Korea will reduce production coupled with tighter supplies in Thailand will lead to higher imports to Asian markets in the latter stages of 2016. Meanwhile in the UK, the recent Brexit referendum has led to a decline in the value of sterling relative to the euro therefore making Irish exports there less competitive.

Key poultry market drivers for 2016

- Rise in Irish supplies
- Modest rise in EU poultry production.
- Stable consumer demand across Europe

7. CONSUMER INSIGHT

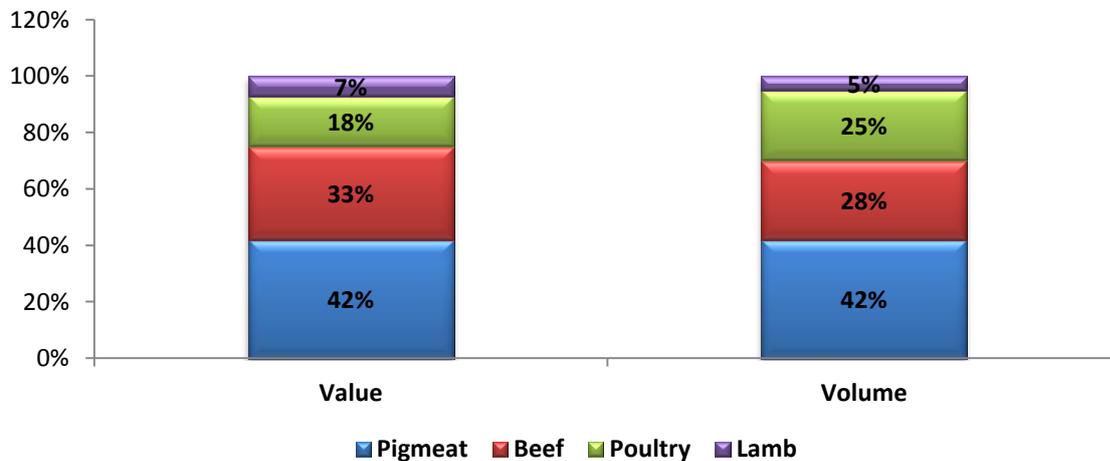
7.1 Meat Retail Market in Ireland

Ease in value of domestic retail meat market

Latest figures from Kantar World Panel show that the fresh meat retail market is valued at around €1.3 billion with this showing a small decline due to lower average prices per kilo. Volumes of meat purchased at retail level were up 2% driven by higher frequency of purchase but volume per trip remained stable. Looking at proportion, multiples make up the bulk of retail meat sales with over 70% of the market; however discounters have been growing and now account for 20% of the market in value terms with this trend similar in volume terms aswell. Local butchers make up 6% with symbols and convenience stores making up the remainder.

Looking at the proportion of retail meat sales in value terms, pigmeat makes up over 40% of retail sales in both value and volume. This is followed by beef, poultry and lamb and a similar trend is reflected in volume terms.

Figure 7.1: Proportion of Retail Meat Sales by Meat Type



Source: Kantar World Panel

7.2 Consumer Attitudes to Food

Consumers becoming more environmentally aware

[PERIscope is Bord Bia's comprehensive review](#) of food attitudes, shopping and cooking trends amongst a nationally representative sample of adults compared to consumers in a number of other nations. These trends apply to not only meat but all products. The following are some key points from the 2015 edition.

- **Well being:** Irish adults continue to position themselves as very healthy, with 87% of respondents claiming their diet is very or fairly healthy. This has particularly grown over the last 12 months and in Ireland this is led by females, aged 25-34 years old. Irish consumers appear to have a greater understanding of the benefits of eating healthily, looking to enhance mental alertness, spiritual wellbeing, to take control of their lives and ensuring to eat a balanced diet.
- **Attitudes to cooking:** 44% of Irish consumers claim to have lesser culinary ability however Irish consumers are likely to cook a meal from scratch. Over 60% claim that they do not like spending too much time cooking. However 85% of consumers agree it is important to eat dinner as a family and around 12% of households eat dinner in front of the TV.
- **Profile:** The majority of grocery shoppers continue to be females and approximately three quarters of shoppers continue to look for the best value for money in the same shop. Quality remains more important than price when it comes to fresh food. Irish shoppers remain more likely to check food produce for symbols of quality and country of origin. Just 13% of shoppers have ever shopped online in Ireland and supermarkets and convenience stores are the most visited shops with Irish consumers also visiting their local butchers more regularly.
- **Eating out:** 31% of adults in Ireland claim to eat out on weekly basis with this reaching 65% on a monthly basis
- **Environmental issues:** Almost 6 in 10 Irish adults claim to be more conscious of environmental issues in their choice of products and over half prefer to buy from companies that are aware of the impact of environmental issues. This trend is highest among 35 to 54 year olds and with the main grocery buyer in each household. Almost 6 in 10 Irish adults claim to be more conscious of environmental issues in their choice of products and over half prefer to buy from companies that are aware of the impact of environmental issues.

7.3 Consumer Lifestyle Trends

Consumers looking for convenient healthy foods

In 2015, the [latest edition of the Consumer Lifestyle Trends](#) was launched. The programme identifies the biggest trends shaping people's lives over the next three to five years. By keeping up with trends and understanding what's coming next, the programme helps companies within the food and drink industry in Ireland to better prepare for the future needs and wants of their consumers both in Ireland and abroad. The six Trends are Busy lives, Shared experiences, Personal value seekers, Responsible living, Health and Wellbeing and Keeping it real which are briefly summarised below.

1. **Busy lives:** As lives get ever busier and more mobile, people want smarter ways of managing their lives and maximising their time. To stay relevant, products and services must seamlessly fit into people's busy and complex lives, providing a consumer experience that is refreshingly straightforward and fuss-free.
2. **Shared experiences:** Consumers are focusing on the simple pleasures of life with these experiences increasingly geared towards sharing, both offline and online. Online social networks continue to play an ever-more significant role in this area, as individuals' digital identities become more and more central to their sense of self.
3. **Personal value seekers:** Getting the best value for money remains a top priority for consumers, although what 'value' represents continues to evolve. People are embracing both science and nature to create sophisticated and tailored lifestyle plans.
4. **Responsible living:** Consumer concerns for the environment still prevail and people are increasingly relying on themselves and their communities to instigate positive change. Meanwhile, consumers continue to expect companies to provide products and services that enable them to live an eco-friendly and ethical lifestyle without added cost or effort.
5. **Health and wellbeing:** People are embracing both science and nature to create sophisticated and tailored lifestyle plans. Food and drink remain key health and wellness strategies. 'Natural' is an ever more important shortcut for 'good for me' while people are becoming more aware of how the social context in which they eat and drink contributes to holistic wellbeing
6. **Keeping it real:** Real products, made from real ingredients, by real people are increasingly important anchors for consumers in our ever more digitalised, intangible and shifting world. Searching for products with total transparency about origins and

ingredients has become an ever more important consumer coping strategy – no longer just a desire, but a necessity.

7.4 Global Meat Consumer Trends

Focus on naturalness of meat

A 2015 study conducted by Mintel reviewed some of the key trends among consumers of meat on a global level. Consumer trends are changing with consumers becoming more and more interested in where their meat comes from, new products, new recipes and alternatives.

Europe is the most active region globally in meat product innovation accounting for 56% of new meat and substitute products. New products are heavily influenced by **convenience** claims (e.g. microwaveable), naturalness claims (e.g. organic, free from, no additives etc) and ethical claims. New product development at retail level is capitalising on flavours and formats at foodservice level. In Europe there is an increasing trend of using an Americana trend of smoked flavours and BBQ formats on meat.

People are paying more attention to the ingredients in their food and there is increasing demand for products without a long list of unknown artificial ingredients. **Naturalness** claims such as organic and free from additives and preservatives appeared on 25% of new meat products in Europe introduced in 2015.

Globally, **natural products and ethical farming and production** are playing an increasingly important role in new product development with consumer's demands forcing companies to reformulate products to remove artificial ingredients. More consumers feel food produced from smaller companies to be more ethical. Hormone free, antibiotic free and minimal processing claims are becoming more prevalent in global meat products. This also applies to foodservice where there is a preference for cleaner and ethical meat innovation on restaurant menus.

Worldwide, consumers are influenced by meats telling their story about **origin**, ingredients or inspiration. Premium ranges and 'clean' labels with ethical and artisan attributes have gained traction. Although consumers remain sceptical of fortified foods and health claims there is some rising interest in foods that have been formulated to be healthier. Functional innovation in meat such as replacing bad fats with good could serve to ease consumer concerns with meat.

Consumers are also looking for 'The Real Thing' with a desire to explore **authenticity** using real ingredients and traditional flavours. This is due to a more culturally cosmopolitan

population which translates to more interest in ethnic food products and this is particularly evident at food service level. In the UK 45% of consumers agreed that they are more likely to choose a restaurant that uses authentic cooking techniques.

Snacking is now a global phenomenon and snacks are replacing traditional meals as consumers have busier lifestyles. Consumers are starting to recognise that snack choice matters and are increasingly focusing on healthy snacks. Protein is seen as a key component to give both satisfaction and ease hunger with this ultimately leading to more interest in meat based snacks that are high in protein. On a world level, China leads global meat snack innovation as 95% eat meat snacks while consumption is rising in North America and Europe.

9. PROMOTIONS

Strong promotional campaigns continue

Beef Promotion

While the market environment for Irish Beef remains challenging, our relative market position continues to progress with Irish beef now stocked by more than 100 retailers and foodservice suppliers across more than 12 EU markets. Differentiated Irish Beef offerings have developed a strong reputation and are ranged at a premium by retailers and restaurants in the UK, across Continental Europe and increasingly in international niche markets. The resulting positioning of Irish beef as a premium quality product, differentiated on the basis of our grass based, traditional and sustainable farming system, has helped to establish a reputation at the higher end of the market. Promotional activity in 2016 will focus on building the Irish Beef profile and sales in our key volume high value markets, including; Britain, The Netherlands, Germany, Italy while also developing international and niche market opportunities.

[Chef's Irish Beef Club](#), an exclusive international forum which brings together some of Europe's leading chefs who collectively endorse Irish beef continue to grow membership levels. Numerous events including exhibitions and technical trips took place in 2015 with further events planned in 2016. The club now boasts over 80 award winning chefs spread across Europe who give pride of place to Irish beef by serving it in their restaurants, some of the finest dining establishments in Europe. Their preference and advocacy for Irish beef enhances its reputation and helps Bord Bia to position itself as a premium product across the Continent.

Pigmeat Promotion

The main focus of the 2015 Bord Bia Quality Assured pigmeat promotions on the domestic market was to encourage consumers to switch to ham and bacon with the Quality Mark when shopping and to promote increased frequency of purchasing pork. Ham and bacon campaigns took place over a number of different time periods throughout the year targeting 30-60 year old female shoppers and activities included TV advertising, Video on Demand supported by point of sale advertising, advertorials in national newspapers, PR and online activities. In response to some easing in pork demand, Bord Bia rolled out a promotional plan in January 2015 to increase the frequency of purchasing of pork and the benefits associated with buying pork with the Quality Mark. Activities included radio advertising, full page newspaper and magazine advertorials, cooking tips, recipes and point of sale posters with celebrity chefs.

Sheepmeat Promotion

The aim of the lamb campaign was to drive frequency of purchasing and household penetration among the core consumer target group (i.e. heavy lamb female shoppers over 45 years old) during peak lamb season. Activities included six weeks of TV advertising during June and August/September combined with PR and online activities. In response to growing concerns around the decline in both sheep meat production and consumption across the EU, Bord Bia, AHDB (UK) and Interbev (France) launched a three year campaign to promote lamb. The “Lamb- tasty, easy, fun” campaign is targeting consumers within the 25-45 year age group and aims to highlight the importance of European lamb production and its versatility as an everyday meal. This three year pan European lamb campaign is focusing on promotion and marketing activities across Ireland, Belgium, Denmark, England, France and Germany. In addition to the EU funded campaign Bord Bia ran a parallel promotional programme focusing on business development in France, Belgium, Sweden, Denmark and Germany.



Bord Bia Sheepmeat sector manager Declan Fennell highlighting an ideal carcass at Sheep 2015

Livestock promotion

Bord Bia's promotional programme for Irish livestock focuses on highlighting the strengths of Ireland's offer to international buyers and building capability. Specific Bord Bia activities to support the live export sector in 2015 included the following: providing up-to-date information on the major markets, organising an annual seminar for the live export sector, arranging networking events and itineraries, inward visits, advertising of Irish livestock in key markets and acting as an important point of contact for existing buyers, while continually seeking to identify new potential customers. For the year to date in 2016, numerous promotional activities have taking place including inward buyer trips and having a presence at international trade shows.



Turkish Veterinary Inspectors, Dr Diri and Dr Yahsi, visiting Tom Groome's suckler farm near Edenderry, Co Offaly along with Sean Ashe, Department of Agriculture and Joe Burke, Bord Bia

Generic Quality Assurance Promotion

The overall strategy was to build consumer understanding of the Quality Mark by outlining the quality standards, auditing processes and traceability behind the mark. This was achieved by integrating these rational messages throughout all generic activities on the Quality Mark and across the marketing programmes for lamb, ham and bacon and eggs.

The key target consumer group was 30-60 year old female shoppers. Generic Quality Mark activities included sponsoring the RTE 1 television programme 'Home Chef' with Neven Maguire which featured him cooking quality assured ingredients for everyday family meals in various locations. In addition, the proportion of products in store carrying the Quality Mark continued to be monitored through quarterly audits across retailers. A national representative

survey of grocery shoppers by Red C in July 2015 indicated that 92% of shoppers are aware of the Quality Mark. These activities have continued in 2016 with further promotional campaign events planned for the rest of the year.

Just Ask

[Just Ask](#), a public awareness campaign that encourages consumers to look for information on where the food (particularly meat) on their plate comes from, continued to build awareness through PR and online activities.

Market Access Highlights

Following a trade mission, market access was secured for beef to the US in 2015 and by the end of the year six Irish plants were approved to export. Negotiations for access of manufacturing beef continued in 2016 and have been successful while an application for sheepmeat access to the US has also been made. The Canadian market for beef and lamb opened with applications from numerous plants received by the end of December 2015. DAFM is currently approving plants and will submit to the Canadian authorities when complete. Following approval in 2015, an extension was negotiated for market access to the Philippines for Irish beef, pork and sheepmeat while the Maldives has opened for all meats. Market access to Iran and Oman has also been approved for beef and sheepmeat while South Africa opened for pigmeat with negotiations on going for beef and lamb. Ireland is currently negotiating a health certificate with China following the lifting of the beef ban while progress was also made on beef access to Israel and Saudi Arabia with beef and sheepmeat negotiations progressing with Korea, Vietnam, Thailand and Mexico. Similarly beef and lamb market access negotiations are continuing with Kuwait while sheepmeat discussions with Qatar are progressing. Live bovine market access has recently been approved for Egypt and Turkey with shipments expected to start in the coming months while it is also hoped that further developments will be made in North Africa.

Origin Green

Ongoing commitment to sustainability across Ireland's food and drink sector

Central to Bord Bia's ongoing marketing and promotional activities is the Origin Green sustainability programme, the first programme of its kind to operate on a national scale. Launched in 2012 and working at both farm and manufacturing level, Origin Green clearly sets out Ireland's ambition to become a world leader in sustainable food production.

Ireland already enjoys a strong reputation as a source of natural, high quality food & drink products. With our temperate climate and lush green countryside, Ireland can be viewed as a country with a strong natural advantage in the production of sustainable food and drink. Research by the European Commission has found Ireland to be the most carbon efficient producer of dairy in the EU and the fifth most efficient for beef production, whilst also containing one of the lowest water-stress measurements in the world. On a global level Irish carbon emissions per kg of beef produced are almost half the global average.

Independently verified at every stage, the Origin Green programme sees food manufacturers develop a sustainability plan that defines clear targets in key areas of sustainability, such as raw material sourcing, emissions, energy, waste, water, biodiversity and social sustainability. At farm level, Bord Bia has undertaken over 110,000 carbon footprint assessments to date, a world first. In recent years, additional sustainability criteria have been added to Bord Bia's Quality Assurance scheme audit, starting with beef, followed by dairy, and with firm plans in place to implement similar criteria across all other primary sectors in 2016. Each day, over 100 independent auditors visit farms to measure the environmental impact of each production system using the innovative carbon navigator tool in a process of measurement, feedback and continuous improvement. Each farm is measured against six efficiency measures with the aim of lowering the environmental impact of the farm but also providing greater profit margins for the farmer. Management factors such as grassland management, nutrient management and breeding practices are key components of the carbon navigator. Independently accredited by the Carbon Trust PAS 2050 standard, Bord Bia is auditing over 800 farms every week.

To date over 90% of beef, poultry and pig farms are verified quality assured farms while over 60% of sheep enterprises are quality assured. At manufacturing level, over 500 companies are registered participants in the Origin Green programme, accounting for over 85% of Ireland's total food and drink exports.

In November 2015, three years since the launch of the programme, Bord Bia released its first [Origin Green Sustainability Report](#), delivering proof of the Irish food & drink industry's ongoing commitment to sustainable production.

For statistical appendices click [here](#)



For more information please contact us at head office

Clanwilliam Court
Lower Mount St
Dublin 2
Ireland
D02 A344
Tel: + 353 1 668-5155
Email: info@bordbia.ie