

Review & Outlook of the Global Sheep Meat Market

Declan Fennell

Growing the success of Irish food & horticulture

Bord Bia
Irish Food Board

6th January 2017

1. Currency Movements



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New Zealand Dollar strengthened against Sterling

“ *To maintain NZ dollar returns at last season's levels we need to convince customers to pay an additional 25-30% in pounds for their legs of lamb just to offset the currency effect.* **”**

Dean Hamilton
Silver Fern Farms

2. Oil Prices

The background of the slide is a photograph of an oil pumpjack in silhouette against a bright orange and yellow sunset sky. The sun is a large, glowing orb on the horizon, casting a warm light across the scene. The pumpjack's long arm and counterweight are prominent on the left side of the frame.

**Poor oil prices had an impact
on market confidence**

Government subsidies were reduced or removed in some Middle Eastern markets

3. Religious/Cultural Festivals

Irish live exports reached a 3 year high in 2016 (48,036 head)

Irish sheep disposals at meat export plants surpassed 70,000 mark in the week leading up to Eid al-Adha



4. BREXIT



UK: 95%+ exports destined to EU 27

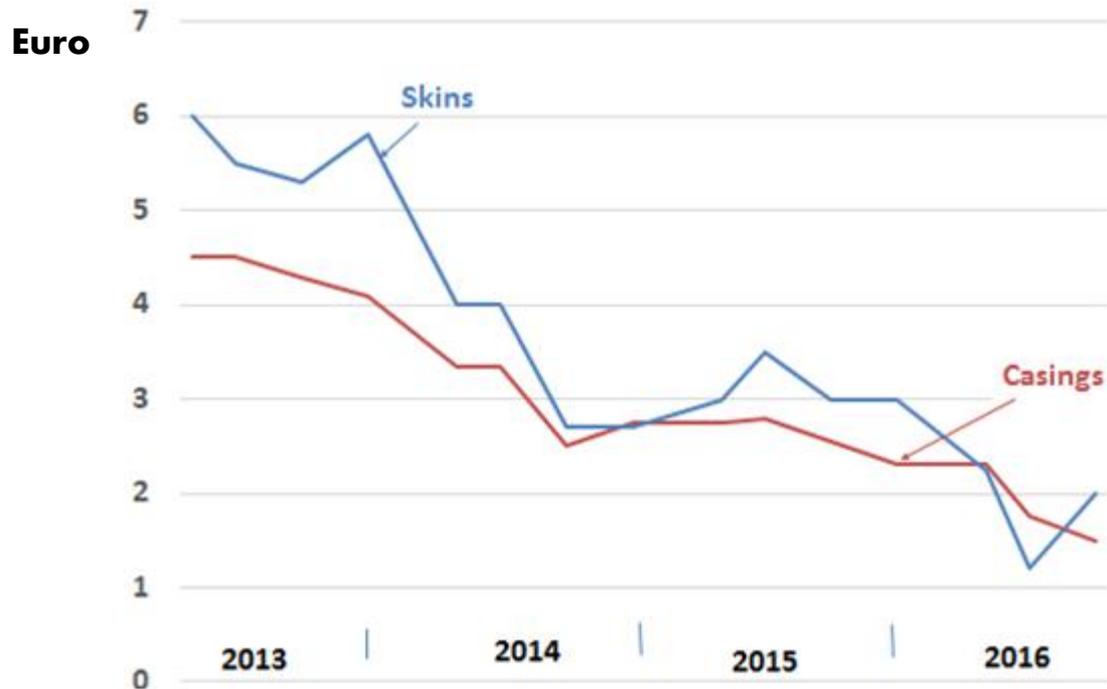
IRE: 24% exports destined to UK
Competitiveness - stg£ v's €



The EU quota [228,000t] accounts for **over half** of New Zealand's sheep meat exports.

The UK currently takes half of that

5. Pressure on the Fifth Quarter



Source: Bord Bia

5. Pressure on the Fifth Quarter

(skins)

Production Challenges:

New environmental standards has lead to a clampdown on tanneries

Market Challenges:

- Poor demand
- Russian market has dried up due to a plummeting Ruble and focus on domestic product.

Despite a challenging global environment
the Irish sheep sector delivered a solid
performance in 2017

5.17m

Head
+1%

National
flock

48,000

Head
+49%

Live
Exports

2.67m

+3%

Sheep
Disposals

49,000

Tonnes
+3%

Export
Volumes

€240m

+4%

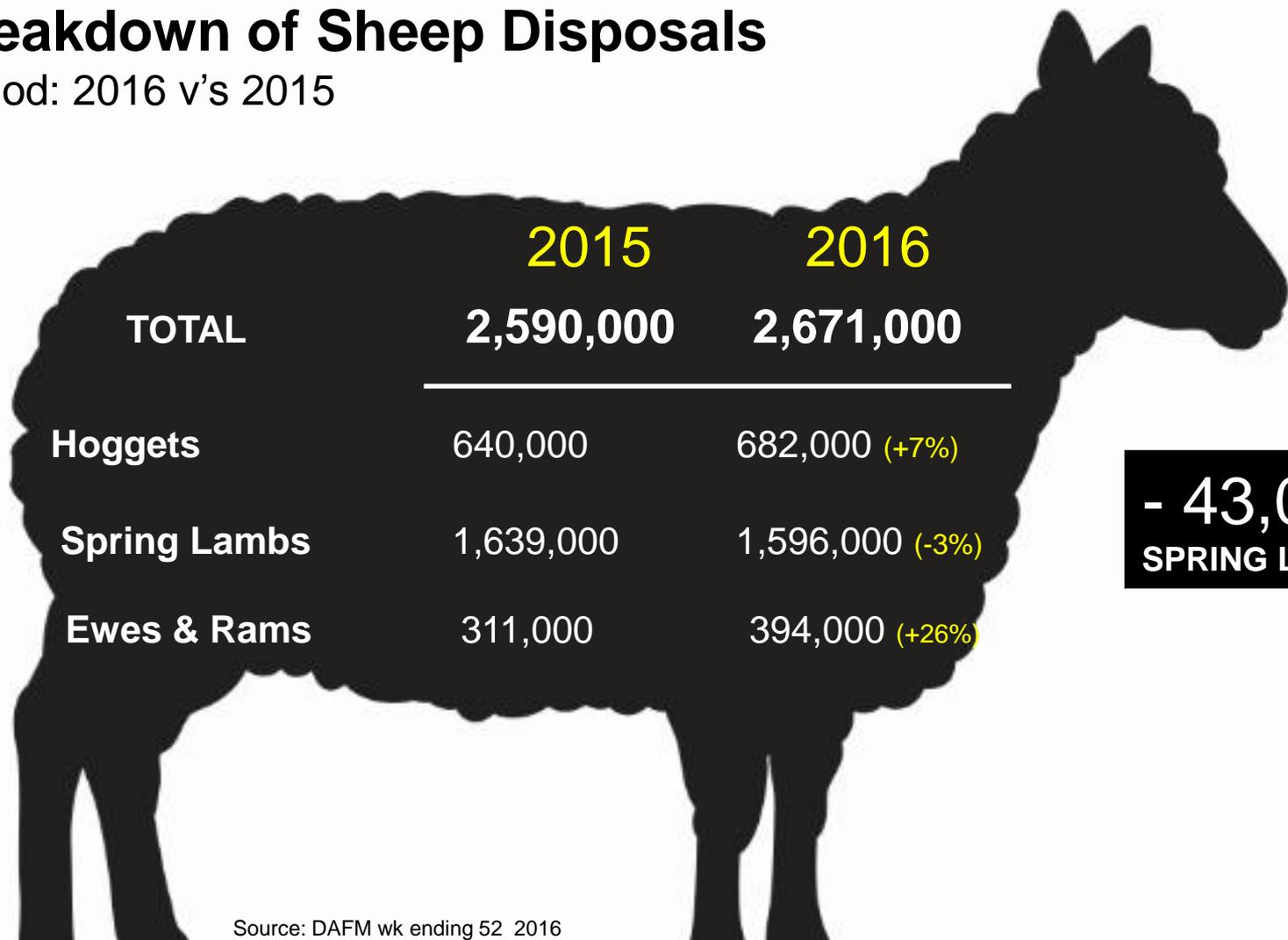
Export
Value

€4.83/kg

Average price

Breakdown of Sheep Disposals

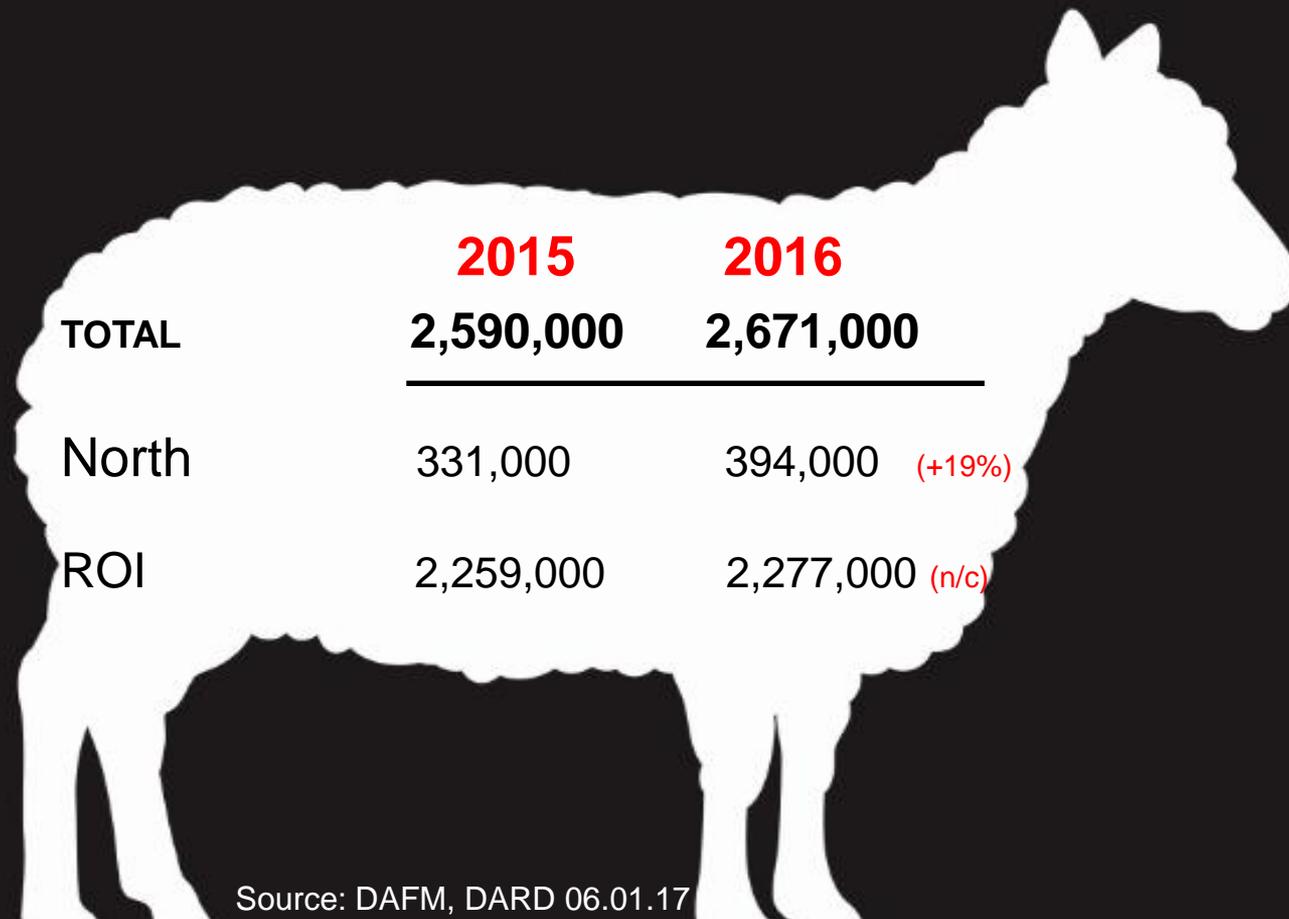
Period: 2016 v's 2015



- 43,000
SPRING LAMBS

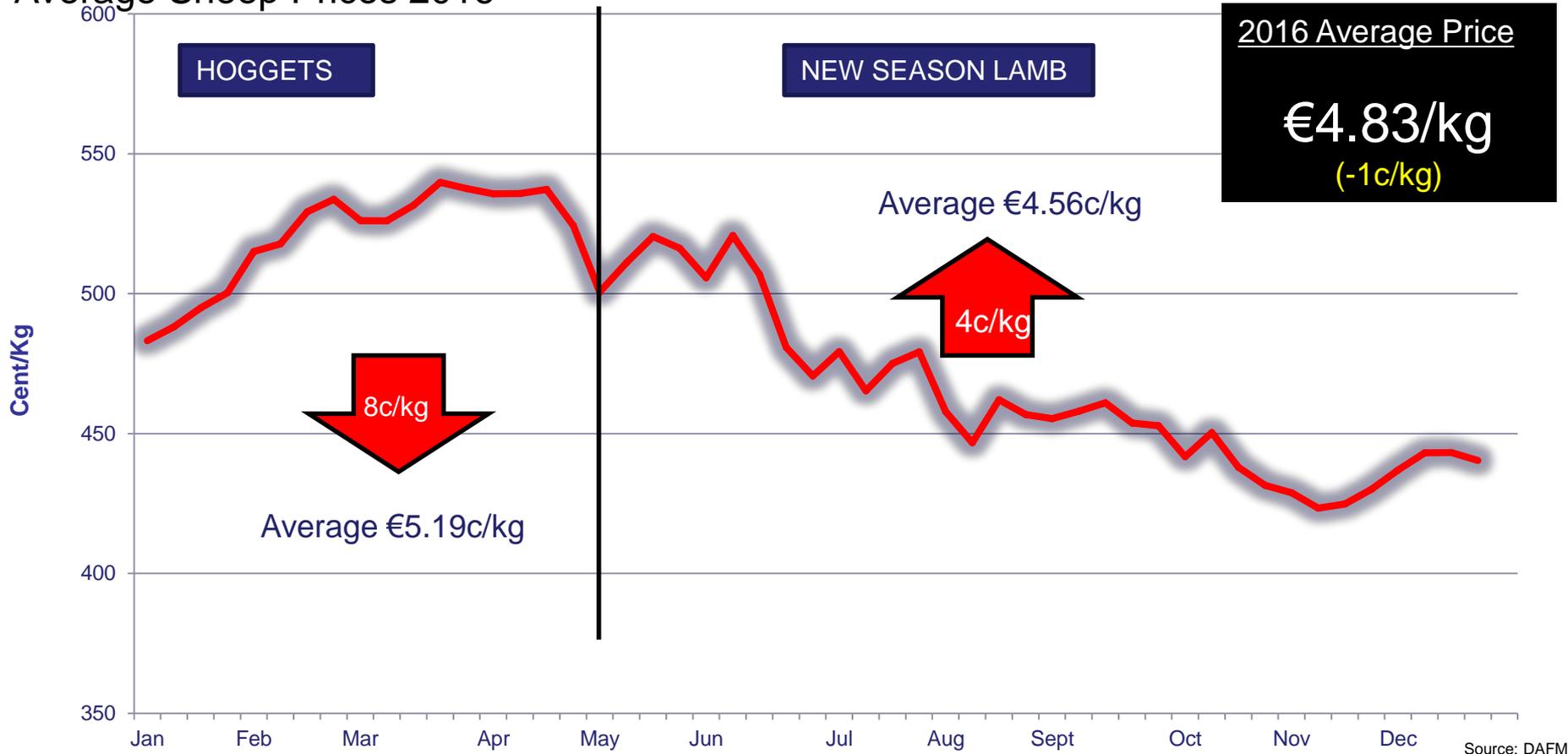
Origin of Sheep Disposals

Period: 2016 v's 2015



Source: DAFM, DARD 06.01.17

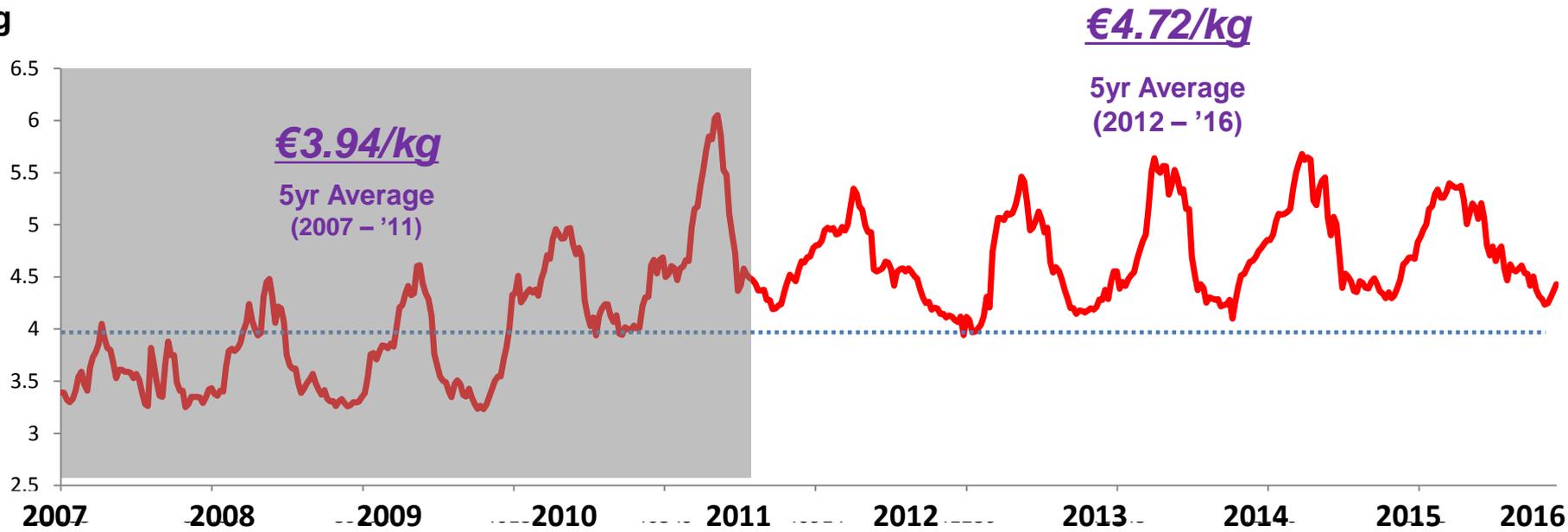
Average Sheep Prices 2016



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10 Year Trend: Irish Sheep Prices

€/kg



2016 Irish Sheep Meat Exports

VALUE:

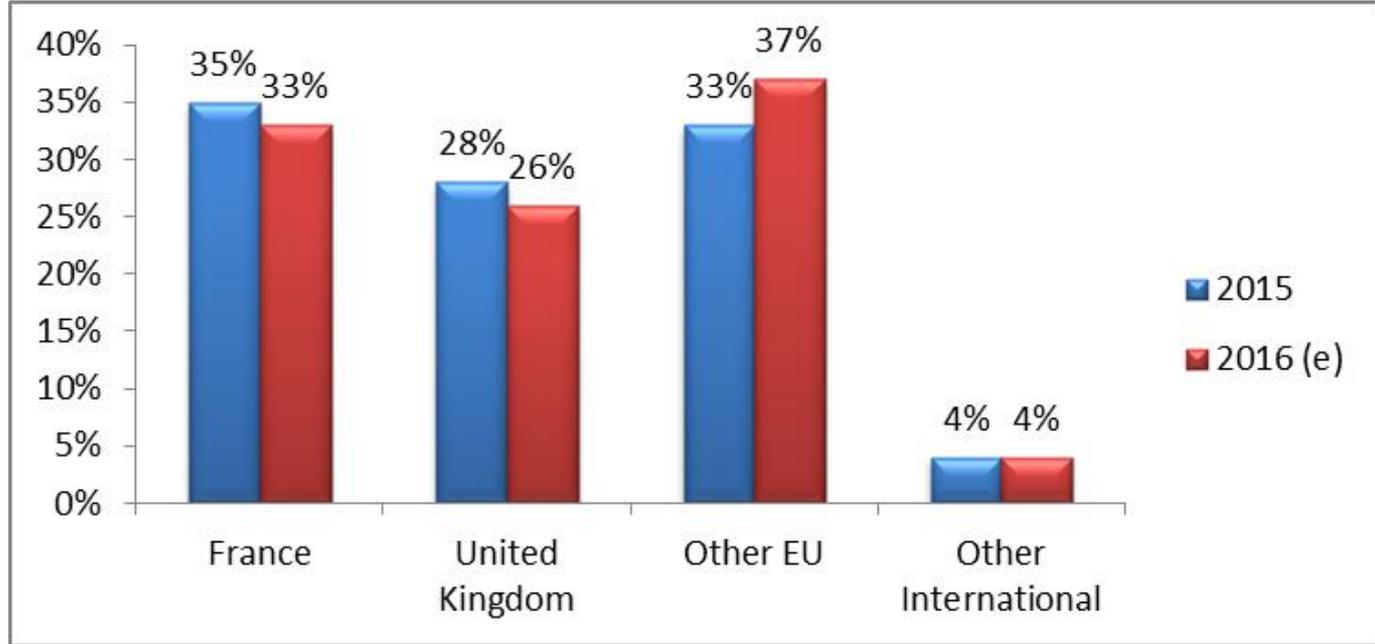
€240m [+4%]

VOLUME:

49,000t [+3%]

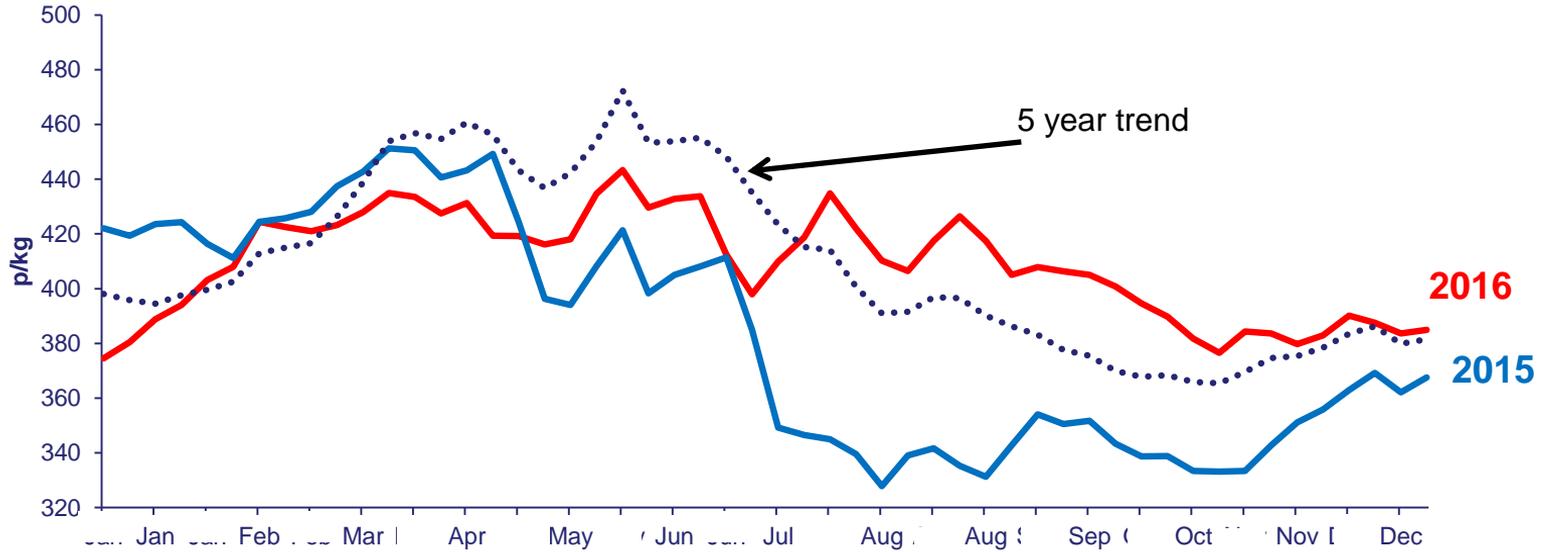
DESTINATIONS:

+30 markets



Source; GTIS/Bord Bia

Recovery in UK Prices



Lamb Crop
17.2m

Total Processed
291,000t (-3%)

Exports
104,000 t (+10%)

Source: AHDB

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Tight Supplies

SUPPLIES BACK

28.3m lambs
(-3%)

600,000 fewer
lambs



Market Positioning

China accounts for
32% of export

Zero tariff rate – Jan '16

Source: BLNZ

Home Market



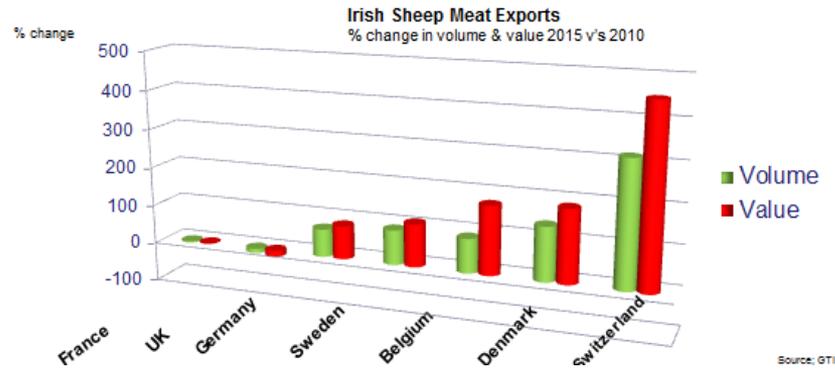
IN ASIA: €3.75M CAMPAIGN 2017-/19



IN EUROPE: €7.7m Campaign 2015 – '17



EXPORT PROMOTIONS – High Value Markets



Source: GTIS/Bord Bia

Conclusion



Hogget numbers to remain **on par** with '16 | modest **growth** in the breeding flock



Strong **carry over** of hoggets | Imported NZ lamb **expensive** due to currency



Further **declines** in breeding flock (-2%) | **Preference** for French Product



Price **sensitive** | buying in **expertise** through strategic alliances



Key concerns **Brexit** and **EU quota**



Iran – **one to watch** in 2017!

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