

Agri Matters



Supporting the Irish Agricultural Industry

Summer / Autumn 2020



Pictured in Teagasc Moorepark, Fermoy after winning the 2019 Grass10 Grassland Farmer of the Year Award were Bryan Daniels, his wife Gail and son Eli. Note photo was taken before social distancing and COVID-19 restrictions.

Welcome to our Summer / Autumn Edition of Agri Matters



Shane Whelan

Without stating the obvious, these are unprecedented times we live in. COVID-19 has recreated the norm, impacting business operations and cashflow for many. While perhaps not as immediately impacted as other sectors, virtually all agri sectors have now experienced a cut in output prices, with typical operations further up the food chain redesigned to facilitate continued operations. There appears at least some signs of positivity and improved market sentiment in recent weeks, so hopefully, the recovery will be relatively swift.

To date, we have not seen a material increase in working capital requests from farmers as a result of COVID-19, but do expect this to increase in the months ahead. To those impacted already, or who expect to experience cashflow pressure later in the year as a consequence of COVID-19, the important thing to remember is that there is a range of support measures available. Early engagement with your bank is key. Tadhg Buckley, Head of Agriculture in AIB, shares with us some practical steps to help prepare for the financial impact of COVID-19. We also include an article examining the macro-economic consequences of COVID-19.

In this edition of Agri Matters we also interview 2 farmers at the top of their game – Bryan Daniels Grass10 Grassland Farmer of the Year and Sustainable Farming Award winner; and Liam Hanrahan, FBD/Macra na Feirme Young Farmer of the Year – getting their thoughts and perspective on Sustainability, tips for a successful career in farming, and their plans/outlook for the future.

Finally, they say necessity is the mother of invention, and with both COVID-19 and Sustainability, perhaps part of the solution lies in technological advancement. Tom Flanagan, UCD Director of Enterprise and Commercialisation at NovaUCD, discusses an exciting new Ag Tech initiative involving UCD Lyons Estate.

I hope you find this edition of Agri Matters of interest, and from all on the AIB Agri team, stay safe.

Shane Whelan
Agri Strategist

5 Steps To Help You Prepare Your Farm For The Financial Impact Of COVID-19



Tadhg Buckley

Tadhg Buckley, Head of Agriculture at AIB, offers some practical advice for farmers who may be affected by the fallout from the coronavirus pandemic.

COVID-19 presents unique challenges for the Irish Agriculture sector, impacting traditional trade and operations along the supply chain; dampening global economic growth and demand, which combined has put downward pressure on farm output prices.

Beef and sheep prices were the first to take a hit, with increased demand for lower value cuts at retail level amidst 'panic buying' efforts insufficient to compensate the closure of food-service. Pig prices have fallen from relatively strong levels, while more recently, dairy commodity prices, after significant declines, seem to have reached their floor, and are showing signs of slight recovery. Finally, the increased uncertainty surrounding COVID-19 combined with pressurised maize markets, reduced demand for malt and weather challenges across Europe, is putting pressure on international grain markets. An unusually high gap between wheat and barley now exists.

Key questions for many are how long will the current challenges persist; how low will prices drop; and how quickly will prices rebound once recovery starts to take effect?

Although not materially evident to date, a sustained period of downward price pressure may result in increased cashflow pressure on many farms. Naturally, some sectors, and indeed individual farm operations, may be better able to cope than others.

At the outset, it should be pointed out that possibly the biggest financial impact on a farm household is the loss of an off-farm income of the farmer themselves or that of their partners. Off-farm incomes are a feature of the vast majority of farming households these days and the impact of this cannot be underestimated.

The following are 5 simple steps farmers can take to better prepare their farm for the potential financial impact of the COVID-19 crisis:

Step 1: Know how much cash your farm generated last year.

Farmers need to know roughly what cash surplus was left over after living expenses, tax and financial repayments were accounted for. How much is in the current account now?

Step 2: Quantify future cash inflow and outflows such as sales; feed/fertiliser/seed; contractor etc until the end of the year. Is there a projected cash surplus/deficit?

Step 3: Estimate the likely financial impact of any delay in selling produce and/or fall in output prices.

Is there a cash reserve that can be used to fund lower-than-expected income receipts and/or increased working capital requirements from holding stock for longer on farm?

Step 4: Assess the financial options available to you.

Your financial profile will have a big influence on what option is best for you. For example, additional working capital (preferably in the form of a short-term stocking loan) might be the most appropriate option, particularly if farmers are planning to sell livestock later in the year. For farmers with existing stocking loans that do not have the funds to clear them, converting them into a term loan may be something that needs to be considered.

Step 5: Talk to your bank sooner rather than later.

Doing a small bit of analysis prior to engaging is well worthwhile as it helps your bank in putting something in place that will work for you and also gives your bank confidence that you are on top of your finances.

It is worth bearing in mind that, while the impact of COVID-19 is acute, its worst effects should be short-term. Taking some steps now to prepare yourself financially at an early stage can help ensure you can cope with these short-term difficulties as effectively as possible. Above all though, the top priority for you and your family is to stay safe during this time.

To find out how AIB can support you and your business **contact your AIB Relationship Manager, call 1890 47 88 33** (available 9am - 5pm on weekdays) or **visit aib.ie/covid19**. Details for our AIB Agri Advisors, and areas covered, are overleaf.

COVID-19 Agri Case Examples (Note: For indicative purposes only)

Case Example 1 – Additional Working Capital Support:

- Suckler farmer typically sells 30 yearlings in April
- Average sale price typically c.€900 (€2.30/kg) = €27,000
- Given current market dynamics has decided to hold onto stock until the end of year
- Offered 20 acres of grazing for 6 months from his neighbour (lower stocking than usual)
- Cost of grazing land - €120/ac = €2,400
- Cattle at turnout weighing 390kg
- Selling at 550kg in October as forward stores for finishing
- Projected sale price of €1,210 (€2.20/kg) = €36,300
- Farmer seeking support from bank

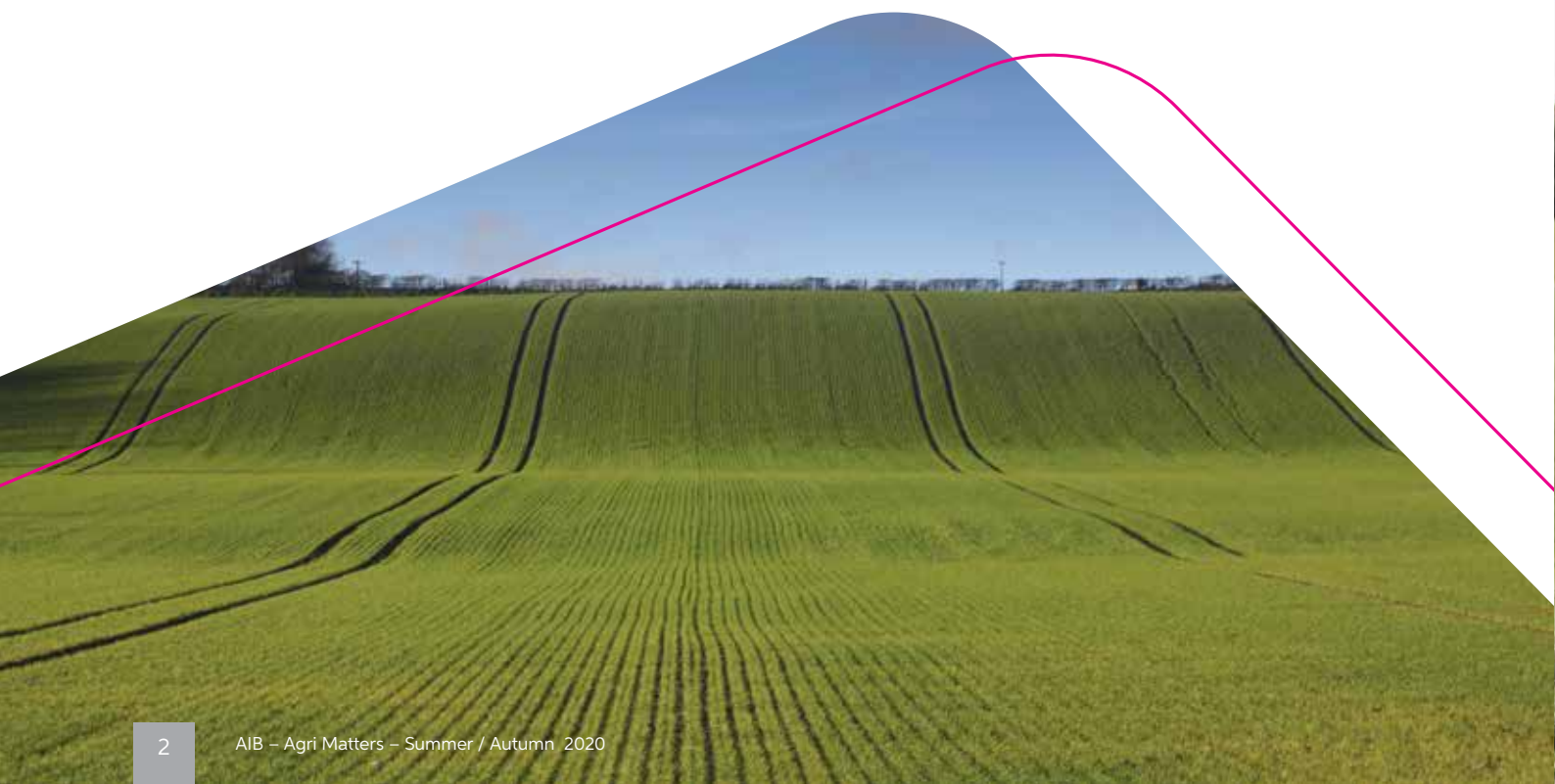
Working capital support required for loss of cash from sale of stock - €27,000; €2,400 for grazing costs; €1,000 for other associated costs (fertiliser, dosing, transport etc). Clearance of facility from sale of stock in October

Case Example 2 - Retrospective Funding of Capital Expenditure:

- Dairy farmer – supplying 400k litres with €10k of entitlements
- Wife works off farm – with off farm income of €15k
- Existing loan repayments of €15k per annum following upgrade of milking parlour and cubicle house in 2016
- Farmer funded the build of a new calf house from his own resources in 2019 – total cost of same €23k
- Current account now under pressure as a result of drop in milk price with creditors outstanding to be paid
- Farmer seeking support from bank

Proposed solution to retrospectively fund the capital expenditure that was completed from cashflow in 2019 (new calf house). Invoice to hand for €20k. New 5 year term loan put in place. On drawdown, €20k lodged to current account to allow outstanding creditors be paid.

Lending Criteria, terms and conditions apply. Credit facilities are subject to repayment capacity and financial status and are not available to persons under 18 years of age. Security may be required. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland.



FIND OUT ALL THE WAYS WE'RE BACKING FARMERS



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2019 FBD/Macra Na Feirme Young Farmer of the Year: Liam Hanrahan – Liam speaks to our Agri Advisor, Diarmuid Donnellan, on succession planning at home, his career to date, and his outlook for the sector.



Pictured making a presentation on behalf of AIB to Liam Hanrahan on winning the FBD/Macra Na Feirme Young Farmer of the Year Aware were (l-r): Darren Malone, (Business Customer Advisor – AIB Kilrush), Willie Hanrahan, Catherine O'Loughin, (AIB Branch Manager Kilrush) and Diarmuid Donnellan (AIB Agri Advisor Limerick & Clare). Note photo was taken pre social distancing and COVID-19 restrictions.

Liam, tell me a little about your farming career to date.

I've been farming in partnership with my parents on the home farm in Doonbeg, Co. Clare since 2012. It works well for us and allowed me come on board the business gradually. It's a succession plan as much as anything. I'm involved with all day-to-day farm technical decisions as well as the financial management decisions on the farm. As a young person, it's hugely important to be involved in those decisions as there's a massive learning curve when taking over a farming business. It's much more difficult to learn these business skills if you are on the outside looking in rather than if you are actively involved. Good lines of communication and having a clear business plan, with everyone on board, is also essential when setting up a business or entering into a partnership. It provides clarity and focus for all stakeholders.

What was your biggest challenge starting out in the partnership?

I think managing the workload is key really. Farming can be very enjoyable when it's planned correctly. We use relief milkers and support labour here. We've a good network of workers that come in and do relief milkings throughout the year which is a huge support. We aim to be finished on the farm every evening by 6pm to ensure there's time for activities outside of the farm. Time off is hugely important. Involvement in discussion groups has been hugely beneficial too. It's a day away from the farm every month and helps to hit the reset button. It provides perspective on the issues you are facing on the farm, you are networking with other farmers, and it's a good sounding board/benchmark to measure yourself off. I've been lucky to be involved in a young farmer discussion group which I've found particularly beneficial because participants are generally at the same stage of establishment and have a similar outlook or ambition for their business.

Since you've come on board how has the farm changed and what are your future ambitions for the farm?

Leading up to the abolition of milk quotas in 2015 we milked 100 cows, transitioning to 120 cows in 2015. Today we are milking 180 cows. We have scaled organically, over the previous 8 years, with the purchase and lease of additional land. We have grown the herd from within, breeding all our own replacements. Going forward, the plan is to consolidate at 180 cows with an ongoing focus on improving efficiencies.

In terms of improved efficiencies, we all know the importance of grassland management. What were some of the key findings from your PhD research which looked at Dairy Farm Efficiency in a Grass-based System?

The focus of my research was on quantifying how important grass utilisation is to Irish dairy farmers. We identified, using National Farm Survey data, that every extra tonne of grass utilised delivers an increase of €173 in net profit/ha. It really shows that grass utilisation is the key driver of the system. The principles underpinning optimum grass utilisation across all farms, regardless of location, were: setting the right stocking rate on the farm to the grass growing ability of the farm; knowing the soil fertility; having the right cow; and calving at the right time to be able to utilise the grass.

You've also gained significant international experience in New Zealand and France – is there any lessons we could take from them and apply here in Ireland?

Firstly, I'd encourage other farmers to travel and gain experience on other farms- even if you don't travel abroad, travel and work on other top performing Irish farms. Extend your experience and learning.

In terms of my own travels, I worked on dairy farms in France and New Zealand (NZ). France is as big a contrast to here as anywhere. I was in the North East of France near Alsace – a very dry region, predominately growing tillage crops and corn. Cows were indoors, fed a TMR diet, and let out to a paddock each day- the same paddock every day mind. Cows calved all year round; were very high-yielding cows, producing between 9-10,000 litres/yr.

The French system is a localised system where costs of production are higher than ours. Farmers supply products to a large local market including a lot of fresh milk and cheeses. The majority of the dairy co-ops focus on artisan cheeses and traditional cheeses to a region, which is generally purchased by people native to that region.

In comparison, while in NZ I worked on a farm with 750 cows. The NZ system is completely grass based. There were no sheds on the farm. Cows were out all year round, wintered on kale/beet grown on outblocks. When cows are calving, they are brought back to the milking platform and calve out in the paddock. They are then milked off of grass for the year. It was a fantastic experience, you'd learn a lot in terms of cow management with large calving and breeding numbers.

Would you say cow body condition is the key driver of how the cow is treated individually in New Zealand?

Definitely. Milk yield per cow is not a key focus; milk yield or output per ha is. Grass and cow management are the 2 key indicators of the NZ system. A cow in the right body condition score means she can pretty much look after herself. Then the grassland management would be the key focus once the cows have calved and are in production mode.

In NZ, cows are bred for a grass-based system and are predominantly cross-bred, smaller cows for grazing. France on the other hand was the opposite; all big Holstein cows bred purely for milk output, so it was nice to see the contrast between the 2 systems.

Returning the focus to Ireland, what are the biggest issues facing farmers today?

Two significant challenges for farmers, as I see it, include managing consumer perception and access to labour. We can't afford to lose the consumer and need to do everything we can to ease their concerns around environmental sustainability, consistently producing a top quality product etc.

I've always said that Irish farming can be a large part of the solution to climate change when you look at it in a global sense. Irish dairy is the most efficient in Europe. It's a grass-based system where carbon is sequestered back into the land very efficiently and is a very efficient system of production with relatively low inputs when you compare us across the world. Getting that message across to the consumer is one of the biggest challenges facing farmers. If you conducted a full life-cycle analysis of the alternative 'carbon friendly' foods that are promoted instead of dairy, the environmental impact, I believe, would not stack up and would have a worse impact on the environment than dairy.

Is focusing on the size of the national herd too simplistic an approach when it comes to tackling climate change?

Climate change is real and a very complex problem. Taking simplistic solutions never worked. Tackling a major issue requires using the latest scientific research to inform your decision-making process. When it's a global-wide problem, a simplistic regional approach will not tackle climate change in a real fashion. It will lead to efficient food producers like Ireland being limited by environmental constraints.

In terms of COVID-19, has it had much impact on your day-to-day farming activities?

In terms of the day-to-day activities, it's impacting almost everyone in some way I suppose, but the cows here still need to be milked and fed everyday just the same. We probably have to be a bit more conscious in terms of getting supplies, calling the vet, etc. but its impact isn't huge at the minute. You'd be worried about milk price slipping too much but the biggest concern is whether the processors and plants are able to maintain activity and collect milk from the yard. It's a necessity for farm cashflow, but also more broadly, for food production.

Finally, what is your outlook for Irish Agriculture?

I'd be very optimistic for Irish Agriculture going forward. We're in a great position with our grass-based system. It's a very sustainable method of food production. It's just a case of getting that message out there and making sure that people know where their food comes from. At the beginning of the year before COVID-19 came into the equation at all, the year was facing up to be a very strong year in terms of markets with a lot of optimism around. Everything has taken a downward turn as a result of COVID-19. We can't predict the future but we're just going to have to work with it and hope that everyone can stay safe and work our way through these challenging times.



2019 Grass10 Grassland Farmer of the Year & Sustainable Farming Award Winner: Bryan Daniels – Bryan catches up with our Agri Advisor, Liam Phelan, and discusses the importance of on-farm sustainability in Ireland.



Bryan, Gail and Eli Daniels pictured receiving the 2019 Grass10 Grassland Farmer of the Year Award from Minister Michael Creed, Minister for Agriculture, Food & Marine, Tadhg Buckley, AIB Head of Agriculture, and other Grass10 Sponsors.

What did winning the Grass10 Grassland Farmer of the Year Award last year mean for you?

It is a great honour to have won this award. To get into any final is fantastic and it was a fair achievement when you consider the previous farmers that were in the competition. We have worked hard to get the farm to where it is today. It grows good volume and quality of grass. The title that I feel most proud of though is the Grass10 Sustainable Farming Award. We (myself and Gail) want to work with nature and improve the environment around us. We also have a lot of discussion around our future farming and plan where we will be in the future which also comes in under the sustainability title.

What specific measure/initiatives have you introduced to improve/support on-farm Sustainability?

I've always had an interest in the natural world around me and I believe that farming should work with nature. I've planted trees and hedges, rebuilt old field boundaries and tried to improve habitats around

the farm. My father joined REPS back in 1997 so I was aware of it before I took over the management of the farm.

Gail and myself want to leave a better world for our children so we do everything we can to improve it. Some of the things we have done in recent years are improving soil fertility; changed to spreading more of our slurry with a trailing shoe. We have been using protected urea for 5 years now. We are trying to breed a better herd that can deliver more kg of milk solids with less intervention with the help of EBI. Any machinery that is being replaced is replaced with ones that will use less energy be it diesel or electricity, and this year we will be fitting solar panels to some of our sheds to reduce our electricity inputs.

On the labour side, we need people to work with us due to our scale, so we try to have an inviting and enjoyable place to work that people want to work for us. All this things add up to being Sustainable- be it environmentally, socially or financially.

There is a lot of discussion around incorporating and managing clover in the sward – have you any tips?

Clover is a wonderful plant when it works. You need to have the soil fertility and soil PH at optimum levels. Clover mixes require more management and understanding but used appropriately, they help boost sustainable production and are also better for the environment. Judicial use and timing of chemical nitrogen is also key.

Are farmers generally buying into the Sustainability message?

Farmers are definitely buying into Sustainability. We have to if we want to survive into the future. Some farmers are adapting quicker than others. There are obvious benefits too.

Have you any fears or concerns for the industry in terms of policy/political influence (national/European) that may come down the line re meeting our climate change targets?

I try to keep myself up to date on all the potential issues that might be facing me in the future. I have to if I want to survive. I am not overly concerned as we will deal with all these challenges like we faced many others in the past. We may be restricted in the type and amount of medicines that we will be allowed to use. If we don't improve water quality nationally we will be forced to drop stocking rate. We will also have to continually prove that we produce the best food in the world, to the people we want to buy it.

What advice would you have to young farmers starting out- what is key to a successful career in farming?

Everyone's journey into their farming career is different. I always knew I wanted to farm but also knew I would have to be the best if I wanted to make a living from it. Get the best training you can. It doesn't even have to be a fancy college course- go to training events/meetings. Surround yourself with the best people. Discussion groups are always worth attending. Travel also played a big part in shaping my future along with a few very good books.

What's next for the Daniels family farm – plans for the years ahead?

What's next! We talk and discuss a lot of things. We are not ready to rest on our laurels just yet. We want to improve the farm and streamline it more. Reduce the pressure points like the work load in the spring. We have put in some hard periods of work and would like to perhaps have some more quality time with the family and perhaps a few more cows!



Getting Started With Grassland Management – Top Tips from Teagasc / Irish Farmers Journal ‘Grazing Guide’

Increasing grass utilised by 1 tonne DM/ha/year is worth €173/ha to dairy farmers and €105/ha to drystock farmers. Here are 10 top tips taken from the Teagasc / Irish Farmers Journal ‘Grazing Guide’ publication which may be useful to maximising grass growth/utilisation on your farm:

1. First things first: get your infrastructure (farm roadways; paddock entrances, fencing, water troughs etc) in order. Without basic infrastructure, maximising grass grown will prove very difficult. Think GRASS:

Get a detailed map of the farm (with exact areas) and number each paddock – helps track performance later.

Rule out ungrazeable areas such as walls, ditches and hedgerows – will influence potential roadway locations.

Assess required paddock size – On beef/sheep farms the aim is to grow grass in 3 weeks and graze it in 3 days. Plan therefore to have at least 6-7 paddocks per grazing group. Target daily intake is 2% collective herd body weight so individual paddock size will be influenced by stock numbers, type and available grass cover. When designing, avoid long narrow paddocks and try to have paddocks twice as long as they are wide.

See where best to locate drinking points – with central locations, one drinker can serve many paddocks.

See if budget stretches for farm roadways – allows for easier movement and management of livestock around the farm and better management of grass during difficult grazing conditions.

2. Make sure you’ve adequate drainage – influences the number of grazing days and how much grass you can actually grow (more water = cooler soils = reduced growing potential).
3. Know your soil fertility. The most limiting nutrient will reduce growth rates. Fertiliser is expensive, don’t waste it – get your soil tested and act on results.
4. Choose grass varieties that suit your system – make sure it’s palatable and can tolerate weather extremes. Check out the latest recommended varieties on the Department of Agriculture, Food & Marine website.
5. Walk and act!! It doesn’t matter how you measure grass it’s the decisions you make afterwards that will make the impact. Think what needs to be harvested, fertilised, etc and act accordingly.
6. Know your targets and stick to the basics. Graze out paddocks well; graze 30-40% of available area by end February etc.
7. Poaching is a no-no. It can considerably reduce potential growth. Keep an eye on the weather, implement on/off grazing or house livestock if necessary to prevent damage.
8. Bag nitrogen is the accelerator for grass growth (particularly in Spring), but know your N limits-based on your stocking rates and winter feed requirements.
9. Maximise slurry and Farmyard manure – applying early in the year maximises nutrient availability and minimises atmospheric loss.
10. Don’t lose sight of clover in swards – can be difficult to sustain but improves performance and reduces chemical input- both helping the bottom line.

For further tips and supports visit <https://www.teagasc.ie/crops/grassland/grass10/>

Tom Flanagan, UCD Director of Enterprise and Commercialisation at NovaUCD – Tom discusses a new €3 million AgTech Connector Innovation Hub to support Agri start-ups.



Tom Flanagan, UCD Director of Enterprise and Commercialisation at NovaUCD.

The global AgTech sector is ripe for disruption and Ireland has a great opportunity to leverage its unique assets to develop innovative, job-creating AgTech companies with global ambition. There is also a need for a dedicated hub which will become an international showcase destination for business and investors to view the best of AgTech innovation in Ireland.

With such goals in mind, NovaUCD, the Centre for New Ventures and Entrepreneurs at University College Dublin (UCD), which has a strong track record in developing and scaling start-ups, recently secured €3 million in funding to develop a unique AgTech Connector Innovation Hub in Co. Kildare.

NovaUCD's success in securing this funding builds on the university's success in translating knowledge into impact and will also help to stimulate the agriculture, food and environmental science research and education activities at UCD.

The AgTech Connector will be located at the UCD Lyons Farm, a fully functioning farm, located between Celbridge and Newcastle. The farm comprises 250 hectares of land, with dairy, beef, sheep, equine, crop and environmental research, teaching and commercial facilities.

The development of this new AgTech Connector will be led by NovaUCD in collaboration with AIB, Kildare County Council, and Kildare LEO. The collaborative project, funded under the third round of the Regional Enterprise Development Fund, administered by Enterprise Ireland, will also include agri-companies such as, Devenish, Dairymaster, and Glanbia; investors including Finistere, The Yield Lab, and Atlantic Bridge; along with leading AgTech researchers and innovators at UCD, Teagasc and Wageningen University and Research, Netherlands.

The overall goal for the AgTech Connector Innovation Hub is to bring together the AgTech ecosystem in Ireland and to accelerate the launch and scaling of AgTech companies by providing them with access to on-farm research collaboration opportunities, a location to test and trial their products and services, in a real-world environment, along with access to dedicated acceleration programmes and incubation facilities.

With AIB, and the support of our project collaborators, we are now developing and plan to roll out later this year or next (COVID-19 dependent), a nationwide innovation challenge programme that will help us to identify a pipeline of early-stage, high-potential AgTech innovations, entrepreneurs and new ventures which we can then accelerate through the new AgTech Connector Innovation Hub at UCD Lyons Farm.

At NovaUCD we are already supporting a number of AgTech start-ups such as Auranta and Iamus Technologies:

- Auranta, winner of a 2019 Irish Times Innovation Award, is engaging in the development of cutting-edge nutritional technologies that imprint animal immune systems. This improves intestinal health and reduces the need for antibiotics in the livestock production industry.
- Iamus is using machine learning to turn visual, environmental and biometric bird and farm information into actionable data for poultry producers.

Further details on the nationwide innovation challenge will be available in due course via www.novaucd.ie; on twitter [@NovaUCD](https://twitter.com/NovaUCD) and www.linkedin.com/company/novaucd.



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John Fahey, AIB Senior Economist reviews the impact of COVID-19 on economic performance and looks ahead to year end



John Fahey

The IMF is on record as saying that this economic crisis is like no other due to the shock being so large and sudden, with a continued high degree of uncertainty about how long it will last. What is clear, though, is that GDP will contract sharply in 2020.

Given the openness of the Irish economy, its path of recovery will be closely linked to the trajectory for the global economy. The IMF in its semi-annual World Economic Outlook, April 2020 outlined its baseline scenario for a deep recession in the first half of 2020, with output declines concentrated in the second quarter. Overall, the IMF sees world GDP falling by 3% in 2020, but rebounding by 5.8% in 2021. While growth is projected to be well above trend in 2021, the IMF calls it a partial recovery as the level of output next year is almost 4% below what it had projected before the virus hit.

Western economies are being hardest hit by the pandemic. Ireland's main trading partners have been severely impacted by the coronavirus outbreak and thus have had to impose strict lockdowns. Therefore, not surprisingly, the IMF is forecasting that GDP in the Eurozone, UK and US will fall by 7.5%, 6.5% and 5.9% respectively in 2020.

In terms of the Irish economy, the IMF is expecting GDP to contract by 6.8% this year. Meantime, the ESRI and Central Bank of Ireland are forecasting that Irish GDP could decline by 7.1% and 8.3%, respectively, in 2020, while the Department of Finance is projecting a fall of 10.5%.

The Irish unemployment rate, which was below 5% at the start of the year, rose to 28.2% in April. The Department of Finance sees unemployment averaging 13.9% this year. It is forecasting that the unemployment rate will fall to an average of 9.7% in 2021. Like other countries, Ireland is also heading for a blow-out in the public finances this year, with talk of a €30bn deficit.

On the agriculture side of the economy, CSO data for 2019 show that farm incomes rose by around 7% last year. The value of milk output rose, although reduced prices in the sector acted as a drag. Despite an increase in the volume of cattle output, the value of output fell due to reduced prices. There were strong

performances in the pig and sheep meat sector, while weak prices weighed on crops. Meanwhile on the cost side, farm incomes benefitted from lower feeding costs compared to 2018.

The latest data on agricultural prices, available for March, show input prices falling by over 3% on a year-on-year basis. Output prices were flat compared to a year earlier. Notably though, milk prices were down 3.7% year-on-year.

The agricultural sector is obviously being hampered by the current COVID-19 restrictions in place. For example, the extensive closure of food services, both domestically and internationally, has seen reduced demand for produce such as beef, leading to reduced output prices.

The outlook for the Agri sector, much like the wider economy, will depend to a large extent on the easing of restrictions, both at home and abroad. However, there is also the issue of Brexit clouding the outlook. The risk remains that once the transition period ends (currently planned at end-2020) the UK will revert to WTO trading practices unless an EU-UK trade deal is agreed. WTO rules would create severe challenges for the Agri-food sector in terms of tariffs, market access and the associated negative impact on sterling.

It is important to bear in mind, though, that the Irish economy is facing into the current crisis from a strong starting point, with low unemployment, stable property prices, low private sector debt levels and a budget surplus.

Hence, the economy should be in good position to bounce back from the recession, helped by supportive government measures and continuing low interest rates. Of course, the trajectory of the recovery will depend to a large degree on the timing and success of the easing of the current restrictions in place, which in turn will be mainly determined by the course of the virus itself.

Concerned about the impact of COVID-19?

We all have a role to play in helping one another through the COVID-19 crisis. For you, it could be staying home, helping your community or being on the frontline. For us, it means doing everything in our power to support our customers, so you can concentrate on what matters most- each other.

We are aware many Business and Agri customers are facing disruption. That's why we have a range of supports for our customers who have been impacted by COVID-19.

Cashflow Supports

- **Business & Farmer Credit Line** for working capital support (variable rates from 3.7%*).
- **Business Overdraft** for cashflow support and flexibility.

Farm Investment

- **SBCI Future Growth Loan Scheme** for unsecured finance up to €500k for farm investment or development (variable rates from 3.44% - 4.44%).

Card Payments

- **Personal Debit Cards** have up to €7,100 daily and €5,000 single transaction limits.
- **Business Debit Cards** have up to €7,500 daily and single transaction limits.
- **Business Credit Cards** have up to €12,700 daily and single transaction limits.
- **Purchasing Card** has a minimum limit of €500.

Digital Banking Options

- **AIB Mobile App** allows transfers up to €1,000 per day.
- **Personal Internet Banking** transfers up to €10,000** per day.
- **Small Business Internet Banking** transfers up to €30,000** per day.
- **iBusiness Banking (iBB)** transfer limits set by company***.

At AIB, we continue to work hard every single day to ensure that you get the support you need, so, if you need to talk to a member of our frontline team we are available in-branch, by phone or online at aib.ie/covid19

Take care.

aib.ie/covid19



**as of the 11th June 2020.*

***Card reader required.*

****Digipass required.*

Warning: The cost of your repayments may increase

Lending criteria, terms and conditions apply. Credit facilities are subject to repayment capacity and financial status and are not available to persons under 18 years of age. Security may be required. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland.

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