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you're after



Agri Matters

Autumn 2024

Welcome to our Autumn 2024 Edition of Agri Matters



Dónal Walsh
Agri Sector Team

There is an old Irish proverb that says, 'sunshine always follows rain'. However, I think for many farmers the real question this year will be after what quantity of rain does the sunshine follow? After a difficult start to the year due to one of the wettest springs on record, weather conditions didn't improve much during the summer months. As a result, grass growth to the end of June was about 10% below the 5-year average and farmers have had to feed higher amounts of meal and supplements, and in some cases, eat into winter fodder reserves. We can only hope that the weather improves for the remainder of the year.

In this edition of Agri Matters we feature an article from Minister of State at the Department of Agriculture, Food and the Marine Pippa Hackett who discusses the future for the forestry sector. Donal Whelton, Head of Agriculture, Food and Fisheries in AIB, reviews the first six months of the year and contemplates what the next six months may have in store. Daniel Noonan from the AIB Economic Research Unit provides our usual economic commentary. AIB Agri Advisor Nicola Fetherstone interviews 2023 Young Grassland Farmer of the Year Evan Hunt and also reflects on her trip to the Netherlands with Lely where she got to visit a number of farms. We also continue our Signpost series with an article from Siobhan Kavanagh of Teagasc.

With over 3.3 million customers in AIB, we are proud that you have backed us to be your bank. This highlights the trust and confidence you have placed in us, and we are committed to continuing to support the development of the Irish Agricultural sector. As noted above, we know it has been a difficult year for farmers and we recognise that some farmers may need additional cash flow support this year. We would encourage any farmers who may need support to make early contact with their bank to discuss the options available to them.

I hope you enjoy this edition of Agri Matters which we're producing to coincide with this year's National Ploughing Championships. If you're attending, please call in to us at row 17 stand 361 and let's hope it's drier than last year!



Presenting the AIB and Yield Lab AgTech Startup 2024 award to Moonsyst
Pictured left to right: David Bowles, The Yield Lab; Desmond Savage, Co-founder, Moonsyst, PJ Maguire, Sales Lead, Moonsyst; Liam Phelan, AIB Agri Advisor.

Donal Whelton takes a look back at the past six months, and asks what the next six months has in store.



Donal Whelton
Head of Agri Sector

For many, the back end of 2023 and the first half of 2024 will be a tough reminder of how dependant we are on our weather. No one escaped the persistent wet conditions, particularly farmers. Grass growth to the end of June was back about 10% on the five-year average and resulted in additional workload and costs on most farms.

Prices across most farm sectors were reasonable during the first half of the year, with input costs continuing their downward trend, slowly, albeit remaining above historical levels. Input prices, as reported by the CSO input price index were down 7.3% in the twelve months to June 2024, with fertiliser and feed two of the main drivers of the reduction.

Lamb prices reached historical levels during the first half of the year before returning to more normal levels in June and July while beef prices which again started the year strongly have trended downward in recent weeks. Milk prices which bottomed out in October 2023 have trended upwards since, with pig prices also trending upwards since February. With the winter cereal harvest kicking off, tillage prices as we go to press remain below prices achieved last year. The input and output prices dynamic are however only one part of the story, and we will look at each sector in a little more detail below.

In July, Teagasc published their National Farm Survey results for 2023. The report did not make for pleasant reading and confirmed the difficult year 2023 was for farmers. Farm incomes fell across all sectors, with significant declines in tillage and dairy reported. The report highlights how quickly things can turnaround after a record year for farm incomes in 2022. Two other notable items within the report are in relation to costs and direct payments. Costs increased rapidly in 2022 and while as noted above, they have contracted year to date, they remain stubbornly high and well above historical levels. 2023 once again highlighted how dependent all farm systems are on direct payments.

Dairy

The first half of 2024 has been a period of cautious recovery for the Irish dairy industry, following a challenging 2023 characterised by declining milk prices and consequently, lower farm incomes. High food price inflation and sluggish economic activity, dampened demand for dairy products in both developed and emerging markets through 2023. Despite these obstacles, the latter part of 2023 saw milk prices beginning to recover, a trend that has carried into 2024. In the first six months of 2024, Irish dairy farmers have experienced a slow but steady increase in milk prices. However, persistent wet conditions challenged turn out dates and inhibited grazing, consequently increasing costs on farms. Irish milk supply to the end of June was down 5.3% compared to the same period in 2022 and comes on the back

of a 4% reduction in supply in 2023. Looking ahead to the second half of 2024, there is cautious optimism within the industry. Feed and fertiliser costs are continuing their downward trend and the improvement in milk prices is creating a more favourable economic outlook for Irish dairy farmers. The prices for dairy commodities like butter and cheddar, which had seen significant highs in 2022, are stabilising at lower yet still robust levels. The outlook for the Irish dairy industry in the second half of 2024 appears brighter than the previous year. While challenges such as the weather and regulatory adjustments persist, the overall economic landscape is expected to improve, offering better income prospects for dairy farmers.

Beef

Similarly for beef farmers the wet spring conditions delayed grazing, reduced performance and increased costs. However, reduced cattle supplies and solid demand helped beef prices for much of the first half of the year. Prices have trended downward in recent weeks albeit they remain above 2022 and 2023 levels for this part of the year. At the time of writing base quote for steers are €5.00/kg, (excluding Quality Assurance (QA) bonus). Live exports continue to play an important role in the sector with over 258,000 animals exported in the first six months of the year, which is on a par with last year. Overall, Irish cattle prices are expected to remain firm throughout 2024 with Teagasc forecasting a 3% price increase versus last year.

In a European context, similarly to the European Football Championships in June and July, the Paris Olympics should be a welcomed boost to demand and in-turn beef prices. This year we have also seen a continued decline in the number of beef births, down by about 7% on 2023 as reported by the Irish Cattle Breeding Federation (ICBF). It is a continuation of the trend we have seen in suckler cow numbers in recent years, which are at levels last seen in the early 1990s.

Tillage

Tillage farmers had a difficult year in 2023 due to high input prices, reduced output prices and adverse weather that affected yields. They struggled through a hard winter and a tougher spring with spring plantings significantly delayed. The overall tillage area is estimated to have reduced by 1% in 2024, with an increase in spring cereals compensating for a reduction in winter cereals. As we go to print the winter cereal harvest has commenced with current indications are that prices will be below those achieved in 2023.

While tillage farmers, similar to other farmers will have made some savings in terms of cost of production this year, unfortunately these savings will be not sufficient to offset the reduction in yields (more spring and less winter cereals) and price. Current indications are that 2024 will be another very difficult year for the tillage sector.

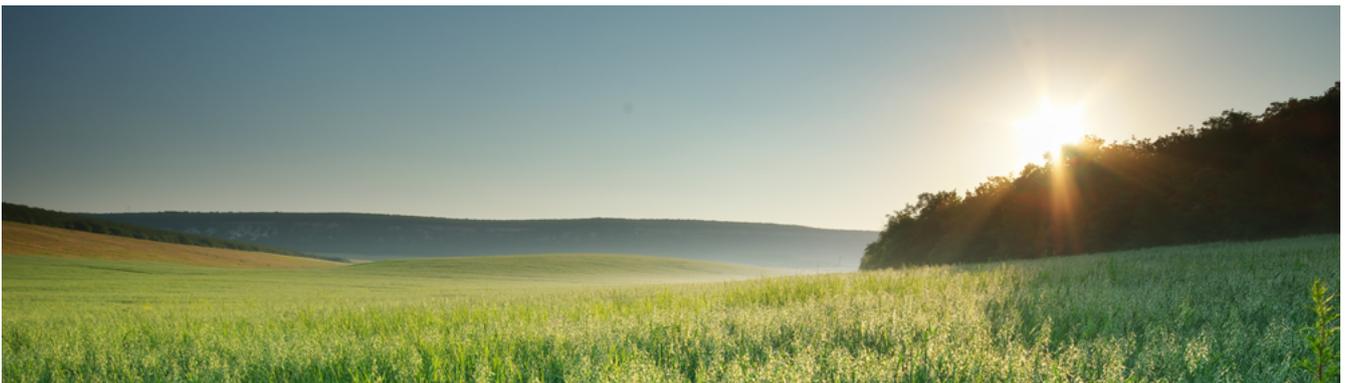
Sheep

Poor weather conditions in March and April negatively impacted lamb mortality and performance, and as a consequence impacted finishing dates. Throughput to the end of July was back around 10% on last year. Tight supplies and strong demand early in the year led to historical high prices for sheep reaching record levels of €9.40/kg (excluding QA bonus) by the end of April. By mid-July prices had fallen back to €7.10–€7.20/kg (excluding QA bonus), down some €2.20/kg or €44/head on a 20kg carcass. Current prices are aligned to prices in 2022 and 2023.

In terms of outlook, China's demand for sheep meat is expected to remain strong in 2024 as the population continues to grow. New Zealand and Australia had been aiming to focus on the Chinese market, which would have reduced the amount of lamb being brought into the EU and UK, which would support demand of Irish lamb into the EU. However, given the price differential at present between the northern and southern hemispheres this has not come to fruition. Overall, the outlook for the sector remains modestly positive, although the adverse weather conditions increased costs and reduced grass supply.

Pigs

The sector entered the year on the back of a profitable 2023, following two challenging years marked by low prices and high feed costs. According to the Teagasc pig herd performance report for 2023, the Margin over Feed (MoF) reached 69c/kg deadweight, a dramatic improvement from the 26c/kg recorded in 2022, the lowest in four decades. This increase in MoF was primarily driven by higher pig prices rather than a reduction in feed costs, which remained relatively stable. Total throughput in the sector decreased by 9% in 2023, a trend consistent across major European pig-producing countries like Denmark, Germany, Spain, and France where the herd declined throughout 2022 as a consequence of the higher feed costs. Pig prices had been on downward trend in the second half of 2023, and this trend continued into the first two months of this year. Since February prices have trended upwards with current prices on a par with those achieved in 2023. Throughput is currently tracking 2% behind the corresponding period last year. It is anticipated that 2024, while not as profitable as 2023, will be another good year for the sector



Summary

2024 is another reminder of how uncontrollable, but yet dependable the sector is on the weather. Reduced days at grazing and delayed sowing dates will reduce overall farm output across most sectors this year. While there has been some further reprieve in input costs, and with prices in the dairy and pig sector trending upwards, and beef and sheep prices on a par with last year, we would expect incomes in the sector to increase in 2024. However as noted above, 2024 will be another difficult year on tillage farms.

While the above commentary provides a general overview of the expected performance of each sector in 2024, we do appreciate that there are many instances where the weather has had more of an impact on some farms. We know some farmers have had to feed some of their winter fodder while others have had to graze second cut silage. We know that some farmers have had to purchase additional winter fodder and may be feeding higher levels of supplements than normal. Our advice as always is that if you feel that you may need additional cashflow support this year to get in touch early.

This year has been a long and tough year already. If you can, make sure to take some time away from the farm to rest, recharge and think. We are very good at minding our animals and crops, but it is important that we look after ourselves also.



Patrick O'Neill and family receiving the 2023 Sustainable Grassland Farmer of the Year award

Pictured left to right: Donal Whelton, AIB Head of Agriculture, Food and Fisheries, Pat Dillon, Teagasc Director of Research, Charlie McConalogue TD, Minister for Agriculture, Food and the Marine, Patrick O'Neill, 2023 Sustainable Grassland Farmer of the Year and his family, Liam Woulfe, Grassland Agro, Liz Hyland, Department of Agriculture Food and the Marine, Aidan Brennan, Irish Farmers Journal, and Colin Heeney, FBD.

Minister of State at the Department of Agriculture, Food and the Marine,

Pippa Hackett discusses our forests – our future.



Pippa Hackett
Minister of State at the Department of Agriculture, Food and the Marine

Forests can mean different things to different people. Whether your first thought is of forests as peaceful places to enjoy nature; as sources of income, employment and renewable building materials; or as rich areas of biodiversity, nearly all can agree that forests have a vital role to play in our future.

In Ireland we have a relatively low level of forest cover at under 12%, and there is both potential and urgency to increase this. In doing so, we can optimise the multiple benefits of trees to society, which is the aim of the new Forest Strategy announced by Government last year.

The Strategy is based on a shared national vision for the role of Ireland's forests and trees to 2050. It was developed through an extensive public consultation and stakeholder engagement process during 2022 and 2023. The first step in realising that vision is the €1.3 billion Forestry Programme 2023-2027.

The Forestry Programme has been designed to incentivise a substantial increase in afforestation rates. It opened for applications in September 2023, with payment rates up to 66% higher than those in the previous Forestry Programme. Farmers are key if we are to achieve our goals, and farmers can now access 20 years of premium payments for planting trees, with other landowners receiving premiums for 15 years.

The new afforestation scheme contains twelve diverse forest types, providing ample choice for farmers and other landowners to plant according to their needs. 100% of the costs of establishing a forest are covered, on top of attractive annual premium payments, and all payments and earnings are income tax free.

With the new Programme in place, the forests of the future will be different to many of today's forests, as diverse and mixed forests will become the dominant feature along with a greater presence of agroforestry, continuous cover forests, native forests and urban forests. This variety of forest type under the new Programme will deliver positive outcomes for biodiversity and water quality, as well as tackling climate change.

As part of this broader approach to improve biodiversity and water quality through the Forestry Programme, we have introduced strong supports for small scale planting on farms through the Native Tree Area Scheme for areas of up to 1 hectare.

Planting under this scheme does not require a forestry licence, it moves through a simplified approval process, and pays premiums of more than €2,200 per annum over a period of ten years: over €22,000 in total. Farmers who have a suitable watercourse on their farm can plant a second hectare of native woodland along that river or stream as well, meaning they can earn more than €44,000 over ten years, tax free. This is a great way for farmers to dip the toe in forestry to see what a positive addition to the farm system it can be. Likewise, agroforestry is a fantastic opportunity to incorporate trees on grazing, cropping or silage ground, and get the best of both worlds: agroforestry pays to plant trees while still farming the same ground.

If landowners plant forests at the rates we aspire to, we can expect that circa 11.8 million tonnes of carbon dioxide (CO₂) will be removed over the next 30 years. Our existing forests and the timber they produce will also lock up carbon in our buildings when we use wood in place of concrete and steel.

Recognising the importance of managing forests sustainably, the new Programme also provides a range of measures to support owners of existing forests. For example, we launched a forest roads scheme that facilitates the construction of new forest roads to support forest management. This will provide opportunities for forest owners to create and improve access to forests to facilitate maintenance, harvesting of timber and the monitoring of and protection of forests. We will also launch a forest management plan scheme later this year to provide funding to forest owners to prepare plans which will support certification and applications for licensing.

Forests support a wide variety of ecosystem functions and services. They protect and enhance our biodiversity, soil and water quality. In late 2023, the Woodland Improvement Scheme opened under the Forestry Programme. This scheme provides financial support to existing forest owners who wish to manage and maintain their forests to benefit the environment and the ecosystem services they provide through among other things thinning, tending and continuous cover forestry. Another priority for the retention of biodiversity is the protection and restoration of ancient woodland through close to nature schemes such as the Native Woodland Conservation scheme.

Forests are an important part of our future and have much to offer future generations. There is so much to be hopeful about if farmers, landowners, public bodies, communities and others involved in forestry help realise the new vision for a diverse and multi-faceted forest sector in Ireland.



Meeting with the Minister for Agriculture, Food and the Marine Charlie McConalogue were representatives of Dairy Women Ireland at the Energy and Farm Diversification Show

Pictured left to right: Nicola Fetherstone, AIB Agri Advisor; Mella Briscoe, Dairy farmer; Charlie McConalogue, Minister for Agriculture, Food and the Marine and Aine O'Connell, IFA.

AIB Agri Advisor Nicola Fetherstone, speaks with

Evan Hunt, Sustainable Grassland Farmer of the Year award winner.



Nicola Fetherstone
AIB Agri Advisor

Sligo dairy farmer Evan Hunt was announced as the winner of the Young Farmer category of the 2023 Sustainable Grassland Farmer of the Year Awards in April 2024. Having completed a dairy herd management course in Ballyhaise Agricultural College, Evan returned home to farm in 2018 before setting up a farm partnership with his father John in 2019.

At that time, John was working off farm in the construction industry while also milking 52 cows. Evan's return home coupled with the opportunity to purchase 44 acres of land and lease an additional 16 acres allowed them to increase cow numbers to 86. Step by step, the Hunts increased their herd size to 128 milking cows in the summer 2024, operated on a milking platform of 54 hectares (ha) and a total farm area of 96ha. Their long-term goal was to reach 140 cows, which will be achieved in Spring 2025.

Having removed the main factor limiting expansion through the purchase of additional land, their attention then moved to the milking facilities, which was transformed from a 4 unit to a 20 unit herringbone parlour in 2021/2022. This allowed the Hunts to increase the milking herd and reduce time spent in the parlour from over 8 hours per day to 3 hours per day. Evan outlined how the upgrade of the milking facilities improved the quality of life for him and his family with much earlier finishing times each day, as well as allowing more time to be spent on other jobs such as grassland management on the farm. The Hunts are in the process of developing a new cubicle housing area which they envisage will end any major development on the farm for the foreseeable future.



Evan Hunt receiving the 2023 Sustainable Grassland Farmer of the Year Young Farmer Category award

Pictured left to right: Colin Heenev, FBD; Donal Whelton, AIB Head of Agriculture, Food and Fisheries; Pat Dillon, Teagasc Director of Research; Charlie McConalogue, Minister for Agriculture, Food and the Marine; Evan Hunt; Liam Woulfe, Grassland Agro; Liz Hyland, Department of Agriculture Food and the Marine; Aidan Brennan, Irish Farmers Journal.

Evan advised that the increased storage facilities as part of this development will give them more flexibility on slurry usage going forward. Maximising the nutrients from slurry is an efficiency parameter that they have been seeking to improve. They have transitioned to the use of low emissions slurry spreading (LESS) methods through the use of their contractors, ensuring that they are maximising the nutrients from the slurry on their farm, in an aim to increase the soil fertility on the out block and eventually incorporate red clover into those reseeded. Evan said "Looking back we didn't realise the importance of soil fertility for the success of clover. Since then, we put a lot of effort into building up pH, and P and K levels on the milking platform and we are now at index 3 and 4 across the majority of that area".

Slurry is applied on the out farm where the majority of the silage is harvested, while protected urea, urea and muriate of potash are the main chemical fertilisers purchased for the milking platform. Evan believes that incorporating clover and the use of protected urea are the way forward based on the results of recent research studies.

He said "three or four years ago, it was common practice for us to spread 280-300 kilograms (kgs) of Nitrogen per hectare (N/ha) on the milking platform and achieve up to 15 tonnes of dry matter per hectare (t DM/ha) on the mixed soil farm. Now with clover we have reduced that to 140kg N/ha. In the last few years, as input costs were on the rise, we could really see the cost saving of incorporating clover. Going forward we have to be willing to take a small hit on grass growth as we aim to produce it more sustainably. Being the cheapest feed source, we want to maximise the amount of grass in the diet of the cow. If we have to reduce stocking rate but achieve a greater percentage of grass in the diet we would be happy to do that". More than 40 grass measures are

carried out on the Hunt farm each year. Evan ranks it as the most important job completed on the farm. He pointed out that in a year like 2024 where weather conditions are challenging, that the information grass measuring provides is the difference between having to feed silage or not. He says "If it saves the meal truck coming into the yard, it can save thousands. You have the data to back yourself when making decisions".

The dependence of chemical nitrogen on the farm has reduced to 140kg N/ha, through establishing clover in 50% of the milking platform. They are currently achieving 12t DM/ha with a target of a minimum of 13t DM/ha going forward. There is a strong focus on grassland management on the Hunt's farm, Evan advises that "With grass being the cheapest source of feed and more carbon efficient than alternative imported protein, the main objective on the farm is to produce as much milk as possible from as much grass as possible each year".

Three years ago, the Hunts started their clover journey by over-sowing three paddocks on the milking platform which had been recently reseeded. They now have clover incorporated into more than 50% of the milking platform. Evan acknowledges that it wasn't smooth sailing with some mixed results in the early days, but he says; "We soon realised the importance of correct closing covers being achieved. Heavy covers over the winter reduced the amount of light reaching the clover plant and impacted the amount of clover in the sward the following Spring". Evan mentions that he is always considerate of maintaining water quality in the area and actively ensures that buffer zones are implemented near any drains or water courses, LESS equipment is used to minimise nutrient loss and soil tests are carried out at least bi-annually to avoid the application of excess nutrients on each paddock.



Evan Hunt

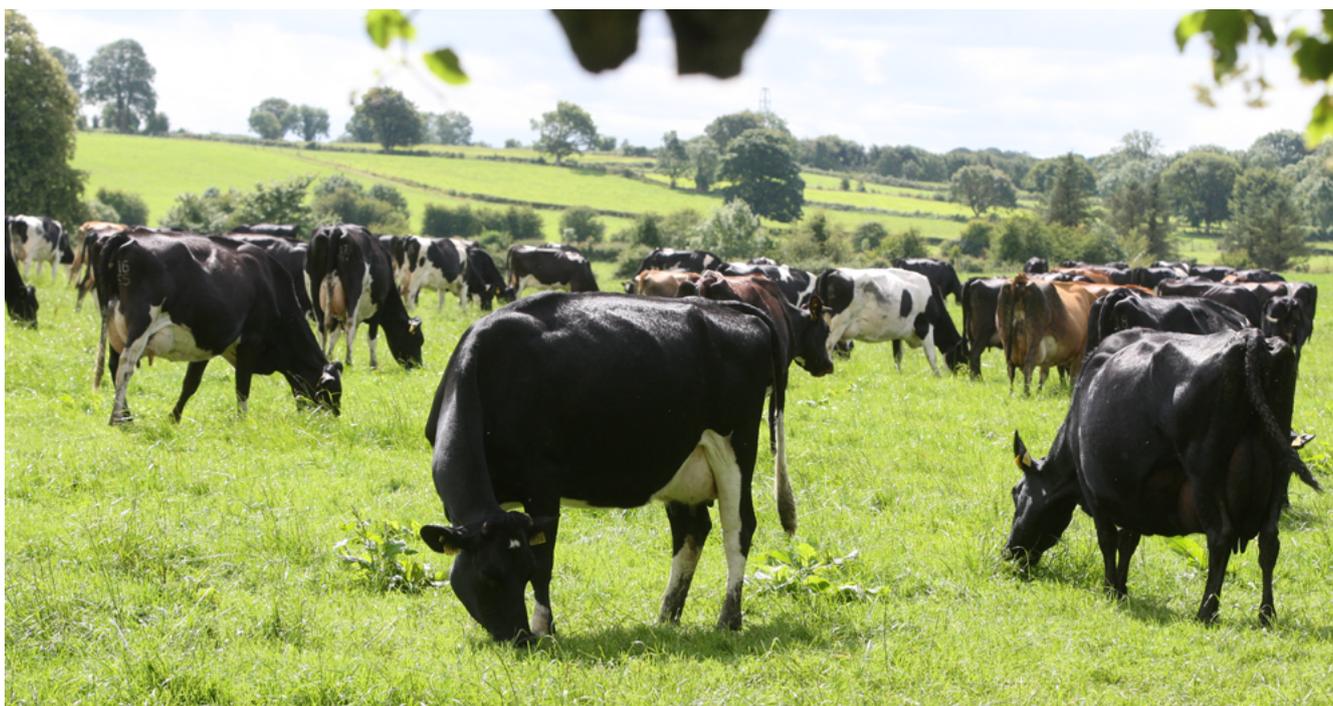
Winner of the Young Farmer category of The Sustainable Grassland Farmer of the Year Awards, at his farm in Tubbercurry, Co. Sligo.

The farm was part of the GLAS programme previously and Evan lists the many actions still in place on the farm that are contributing to biodiversity, including wild bird cover, bird boxes, bee corners, hedgerows and plantations in wet areas of the farm. The farm boasts a substantial 25% space for nature while maintaining a substantial annual level of grass production of more than 12T DM/ha.

Based in south Sligo on a mixed farm with an average annual rainfall of 1,200–1,300mm, the aim on the farm was always to breed a small resilient crossbred cow that can get to grass early, walk a long distance daily and maintain a good calving interval year on year. With an EBI of €220–230, breeding decisions are made to maximise fat and protein levels.

Evan acknowledges that a strong focus was placed on Jersey genetics in the past, so they are now incorporating more Friesian genetics into the herd in order to increase milk yield. Evan remarks “We alter our breeding decisions every year to focus on improving something new”.

On completing the milking parlour facilities, the Hunts commenced milk recording and were recognised for the significant improvement in somatic cell count by Aurivo within two years. Evan points out how milk recording also gives them the ability to make improved breeding decisions for replacements. Bulls are selected to best suit the cow, with replacements retained off the top performing cows. Sexed semen was used on the farm for the first time in 2024, and Evan is quick to mention that it was a learning curve; “We have scanned the cows that got sexed semen and we are running at 55% conception, a bit lower than where we would like to be with a target of 60%. With a young herd here, we picked a lot of cows that were going into their second lactation, and they were the group with the lowest conception rate. Going forward, we would skip that generation for sexed semen as they are already under enough pressure entering their second lactation, without that additional ask”. As the herd matures, the plan is to achieve 500kg milk solids (MS) per cow per year. Evan aimed to breach 480kg MS per cow this year but now predicts that as a result of challenging weather conditions this year, they are likely to remain at 450kg MS per cow.



Quick fire questions with Evan Hunt

What does it mean to you to win the Young Farmer category in the Grassland Farmer of the Year competition?

It was great to be recognised for the work we have put into more sustainable grassland management over the last three or four years. There has been a big push on the environmental side of things within the industry recently and we realised that was a journey we were going to have to be a part of. We have incorporated red and white clover, we use LESS methods, spread protected urea, and we even have 25% space for nature on the farm.

What advice would you give to young farmers starting out on their farming journey?

Just go for it!! I've seen people who had as much love for farming as I have, be cautious about taking on land or finance. I was in a lucky position that we were already in dairy and Dad was open for me to come home and expand, but there are endless opportunities out there for everyone if you take the leap. I have no regrets in taking on debt over the years, it's what opened the gates here for us. I wouldn't be here today if we didn't purchase the lands we did in 2019. I would have had to look for work elsewhere. Once debt is managed right, like any other aspect of your farm, it's not something to hold you back.

There is so much information to be gained from other farmers. Put yourself out there, get to know other farmers, and get out to visit their farms. It's not always the good things you want to see either, knowing what not to do can be as educational as learning the right way to do something. Every day is a school day, go out to meet others on the same journey and learn from their experiences.

What is the biggest issue facing young Irish farmers today?

One of the biggest challenges going forward is regulation. In the past few years alone there have been huge changes. People talk about land and labour being major obstacles, but they are always going to be available; that's within your control, but the regulation and how quick these regulations are coming is huge. Farmers don't get the credit for the changes they are making to comply with this regulation, look at the last two years alone!

What ambitions do you have for your own farm and for your future in farming?

I would like to get to the level where the farm can sustain two strong incomes, that are reliable and sustainable into the future. The farm needs to be positioned that it can withstand whatever is thrown at it in the future. I want to build a system that can cope with change. The sector is struggling with labour. We are lucky here with myself and Dad, we are building a system that can cope with two labour units, with very little need for outside help. We don't want to up cow numbers and end up relying on additional labour.

What motivates you to keep farming?

Just the love for it! I know there is a good living to be made off it. Maybe not every year and the stages we have been through have been very cash hungry, but as time progresses now and as the herd matures, I think the lifestyle dairy farming gives you can't be matched.



Better Farming for Water

Teagasc



Siobhan Kavanagh
Signpost Programme Communications
and Engagement Specialist

Teagasc has launched a multi-actor water quality advisory campaign to deliver clear, simple and positive messaging to enhance farmers', as well as the broader agri-food industry's understanding of the agriculture pressures on water quality and the need for improvement.

Abundant, clean and good quality water is a fundamental cornerstone of any thriving society and is necessary for a vibrant economy and enjoyable living environment. A strong and healthy aquatic ecosystem offers vital goods and services, such as the provision of drinking water. Whilst water quality in Ireland is good in a European context, water quality has not improved in recent years. Encouraging improvements are being made in some catchments; however, these are being offset by declines in water quality in others.

Water Framework Directive

The Water Framework Directive (2000/60/EC) (WFD) requires EU Member States to achieve at least good status in all surface water and groundwater bodies by 2027. Good or high ecological status is important for sustaining healthy aquatic ecosystems to support abundant communities of fish, insects and plants. Currently, just over half of Irish surface water bodies (rivers, lakes, estuaries and coastal waters) are achieving at least good status.

EPA Water Reports

The latest Environmental Protection Agency (EPA) Water Quality in Ireland report (EPA, 2022) covering the period 2016–2021, found that 54% of our surface water had satisfactory (\geq good) ecological status. The assessment indicated that the primary challenge facing our water was the presence of too much phosphorus (P) and nitrogen (N), leading to increased eutrophication in these waters. In 2022, 44% of Irish rivers had concentrations higher than 8 milligrams per litre (mg/l) nitrate (NO_3). This is having a negative impact on the ecological health of both rivers and estuaries. In 2022, 25% of Irish rivers had concentrations greater than the 0.035 mg/l of P. Similar to N, this is having a negative impact on the ecological status of these rivers.

High N concentrations are mostly in areas of free draining soil in the south and south east, while high P concentrations are typically found in areas with poorly draining soils. Agriculture can also contribute to the diffuse loss of sediment, pesticides and pathogens to waters, which also contribute to the overall pressures and factors that need to be taken into account when attempting to reduce the impact of agriculture on water quality. There also needs to be a focus on reducing other pressures from agriculture including loss of sediment, contamination from pesticides and the contamination from potentially harmful pathogens.

Objective of the Better Farming for Water Campaign

The objective of the 'Better Farming for Water' campaign will be to support all farmers to reduce the loads of nitrogen, phosphate, sediment and pesticides entering our river network through either diffuse or point source pathways from agricultural sources. This will be achieved through the on-farm adoption of 8-Actions for Change, which involve better nutrient, farmyard and land management.

The 8-Actions for Change

These 8-Actions for Change provide a structured, relatable approach for farmers to effectively engage with improving water quality. They will help to advance the understanding of the need for actions, and instil confidence that the actions undertaken are worthwhile and will result in sustained, positive improvements in water quality.

Every farmer has a role to plan

While the levels of nitrate and phosphorus loss to water is highest in the areas with the most intensive agriculture, it is important to realise that sub-optimal water quality is a problem for all farmers throughout the country.

Breakdown of the 8-Actions for Change

Nutrient Management

- 01** Reduce purchase nitrogen (N) & phosphorus (P) surplus per hectare
- 02** Ensure soil fertility is optimal for lime, phosphorus and potassium
- 03** Ensure application of fertiliser and organic manure at appropriate times and conditions

Farmyard Management

- 04** Have sufficient slurry and soiled water storage capacity
- 05** Manage and minimise nutrient loss from farmyards and roadways

Land Management

- 06** Fence off watercourses to prevent bovine access
- 07** Promote targeted use of mitigation actions such as riparian margins, buffer strips & sediment traps to mitigate nutrient and sediment loss to water
- 08** Maintain over-winter green cover to reduce nutrient leaching from tillage soils

Irish Economy Enjoys Positive Start to 2024, but challenges remain.



Daniel Noonan
AIB Economic Research Unit

Having recovered strongly in 2021-22 from the impact of the COVID-19 pandemic, the Irish economy experienced a marked deceleration last year. Tighter monetary policy, still elevated levels of inflation, and a high degree of uncertainty owing to a difficult geo-political backdrop, dampened global economic activity in 2023, and also affected the highly open Irish economy. Indeed, gross domestic product (GDP) contracted by 5.5% last year, amid a sharp fall in net exports. This was primarily driven by lower output in the pharmaceuticals sector. Meantime, a substantial decline in contract manufacturing activity (goods produced abroad for firms based in Ireland) also weighed on GDP.

The domestic economy experienced a significant slowdown in 2023, albeit most indicators still point towards robust underlying growth. Modified domestic demand (MDD) expanded by 2.6% last year, following very strong post-pandemic growth of 8.8% in 2022 and 8.0% in 2021. Similarly, consumer spending rose by 4.8% in 2023, much slower than the 10.7% increase seen in 2022. Overall then, it is clear that both the domestic and multinational sides of Ireland's dual economy experienced retraction last year, although the latter was much weaker than the former.

However, other metrics, suggest that the Irish economy continued to perform well last year. Labour market data in particular have remained quite healthy. Employment rose by 3.4% in 2023, supported by continuing inflows of foreign nationals and rising levels of female participation. Gains in employment have been broad-based across sectors, and in total, the economy added over 90,000 jobs in the year. Furthermore, the unemployment rate remained very low, ending the year at 4.3% in Q4. Encouragingly, inflation continued to fall back throughout 2023. Like elsewhere, Ireland has experienced a significant inflation shock over the past two years, owing to supply chain distributions and higher energy costs, which were amplified by the war in Ukraine. Inflation as measured by the harmonised index of consumer prices (HICP – EU wide standard measure) peaked at 9.6% in July 2022 and averaged 8% for the year. However, it declined sharply last year, and stood at just 3.2% in December 2023.

The available data for the opening half of 2024 suggests that the economy has enjoyed a positive start to the year. Price pressures have continued to ease, the labour market has continued to expand and economic growth has been solid. Inflation fell to just 1.5% in June, and has printed at 2% or below in each of the last four months. Meanwhile, the number of people in employment rose by 0.3% in Q1, and was 1.9% higher in year-on-year terms. Unemployment also remains low, averaging just 4.1% in Q2. At the same time, a rebound in exports has contributed to a 0.7% quarter-on-quarter increase in GDP in Q1, and the flash estimate shows output rose by 1.2% in Q2 as well. Modified domestic demand expanded by 1% in the first quarter. Thus, it is clear the Irish economy has gathered some good momentum in the first half of 2024.

Turning to the agricultural sector, the preliminary estimate from the Central Statistics Office (CSO) shows that total farm incomes declined by 29.5% last year due to falling output prices and volumes. Looking at the key underlying trends from 2023, the value of milk output fell by 26%, due to the aforementioned sharp drop in prices, with production volumes falling by 4%. In terms of livestock, the value of cattle and sheep output declined by less than 1%, while the value of pigs and poultry rose by around 8%. In volume terms, cattle and pig output fell by 3.5% and 10.3%, respectively. Elsewhere, crop production declined by 5%.

Meanwhile, the CSO estimates that the cost of farming inputs fell outright by 5% in 2023, primarily due to a drop in the price of fertilisers. However, this needs to be viewed in the context of the rapid price increase seen in 2022, largely due to the war in Ukraine. CSO data show that the price of fertilisers is projected to have dropped by 22% in 2023, having increased by 25% in 2021, and by an exceptionally large 123% in 2022, meaning they are still almost double the price seen in 2020. At the same time, energy prices are estimated to have fallen by 4.2% last year also.

Looking ahead to this year it is clear that the outlook for the Agri-sector, much like the wider Irish economy, will depend on the evolution of inflation and the global economic backdrop. Another year of sluggish growth is anticipated for the global economy, with demand still weakened by the tightening of monetary policy and the cost-of-living pressures over the past two years.

However, inflation is set to wane further, and the European central bank (ECB) has already started to cut interest rates. Further ECB rate cuts are expected over the next couple of years, with other major central banks such as the US Federal Reserve and the Bank of England very likely to embark on rate cutting cycles before 2024 is through. Furthermore, despite forecasts for subdued global growth, recent forecasts from the Economic and Social Research Institute (ESRI) and Central Bank of Ireland (CBI) show they expect stronger Irish growth in the coming year, assuming the drag on output and investment in the multi-national sector abates.

The ESRI and CBI are projecting that growth in GDP and modified domestic demand (MDD) will average in the range of 1.8-2.5% in 2024. The CBI also provides longer term forecasts and sees GDP growth picking up to around 4% in 2025-26. Both institutions expect MDD to accelerate to 2.5-2.9% in 2025 also. Furthermore, labour market conditions are projected to remain tight out to 2026, with the unemployment rate staying between 4-4.5%. The CBI continues to warn though, that the economic outlook is subject to downside risks. There are also domestic capacity constraints on growth in terms of a tight labour market, shortage of housing and pressures on the public infrastructure. Nonetheless, fiscal policy is set to remain expansionary in the context of the healthy state of the public finances. Additionally, private sector balance sheets remain characterised by low debt and high levels of savings. Thus, after falling back in 2023, there are still plenty of reasons to be optimistic about the outlook for the Irish economy.



Bruce Thompson (host farmer) speaking to delegates at this year's Irish Grassland Association Dairy Summer Tour



Discussing future farm investment options with those in attendance at this year's Irish Grassland Association Dairy Summer Tour

Pictured left to right: Roy Cobbe (host farmer), Patrick Gowing (IGA) and Trevor Cobbe (host farmer).

AIB, Agri Advisor Nicola Fetherstone, Reflects on a

Recent Dairy Study Trip to the Netherlands



Nicola Fetherstone
AIB Agri Advisor

With more than 1.6 million dairy cows and 17,000 dairy farms, the Netherlands is one of the largest dairy producers globally and stands as a cornerstone of the country's agricultural sector. The future of the Dutch dairy industry has been a regular talking point in recent times, with challenges including the environment, changes to nitrogen and phosphorus limits, land price and availability, milk price volatility, labour shortages and animal welfare to the fore.

The majority of dairy systems in the Netherlands are based on high yielding, year-round calving, predominately indoor systems, reliant on imported feeds, with high levels of intergenerational debt due to high land prices and the level of infrastructure required to operate this type of system. Since 2012, grazing premiums have been available for farmers who offer grazing for a minimum of 6 hours per day for 120 days per year. On average, a farmer receives €14,000 per year, with audits performed by independent bodies.

Many farmers are required to export manure from their operation at a cost of over €10 per tonne, as they do not have a sufficient amount of land to comply with the regulation surrounding phosphorus limits. In many instances, it is more cost effective to import feed and export the manure than acquire additional land. The Netherlands is the most expensive country in the EU to rent land, with an average land rental charge of €843 per acre in 2022, well above the EU average of €199 per acre. With stricter regulations and sustainability targets being enforced in the Netherlands in recent years, there is a continuing need for ongoing advancements in farm technology.



Exploring the innovation up close! A picture of the Lely Tour group that visited the Lely Manufacturing plant and a number of Dairy Farms in the Netherlands including AIB Agri Advisor Nicola Fetherstone

Last month, I joined a group of twenty-five Irish dairy farmers and industry personnel on a two day Lely study trip to Rotterdam led by Niall McGauran of Lely Centre Mullingar. Lely, is a pioneer in agricultural innovation and has continued to transform the dairy industry with cutting edge technology designed to enhance efficiency, animal welfare and sustainability since its foundation in 1948.

After a warm welcome at the Lely Campus, the group received a presentation and tour of the production facility which has been recognised as one of the most sustainable business premises in Europe. The facility is capable of manufacturing 20 Lely Astronauts per day (milking robots). The Lely experience (museum) features many of their historic developments, such as their first invention of the finger wheel rake (1948) and the Terra power harrow (1968) which allowed Lely to emerge into the international agriculture market.

Over the two-day trip, the group visited four farms which have successfully incorporated a range of Lely equipment into their dairy enterprises. The first stop was to the Lely Demo Farm Nieuw Bijstervelt in Schipluiden, which demonstrated the use of a wide range of Lely products including two Lely Astronauts A5, Lely Vector, Lely Cosmix, Lely Sphere and more. Given the need to increase the efficiency of manure and fertiliser on farm, the Lely Sphere is a noteworthy piece of equipment which reduces overall farm emissions. The Lely Sphere is a manure-handling system which separates the manure into urine (high potassium), faeces (high organic nitrogen and phosphate) and mineral nitrogen in the form of ammonia sulphate or nitrate, which facilitates targeted manure use on the farm.

Next stop located in Bodegraven, was the 45ha dairy farm of the Oostdam family who are milking 125 Holstein x Montbeliarde x Scandanavian Red cows on two Lely Astronaut A5 milking robots. The farm also carries 20 dry cows at any one time and produces 1.3 million kilograms (kgs) of milk per year. The Oostdam's are achieving 30kg of milk per day per cow across 2.9 milkings, with constituents of 4.5% fat and 3.5% protein and a somatic cell count (SCC) of 140,000cells/millilitre (ml).

The typical feeding ration available for their indoor system consists of 9kg grass, 5kg maize silage, 1.5kg brewers' grain and 1.5kg concentrate per cow. Concentrate feeding within the milking robot supplements an additional 15kg concentrate per 100kg of milk produced. With animal welfare a priority on the Oostdam farm, they have developed a new greenhouse style shed with capacity for 150 dairy cows complete with features such as hoof care and ventilation systems, increased natural light as well as a LED lighting system. A Lely Orbitor, an automatic on-farm dairy processor, has been fitted on the farm in recent times. This gives the Oostdam's an opportunity to process and market their own milk, and results in a more direct route to the consumer with bottled milk transported from farm to distributor.

Day two brought us to the farm of Jochem Van der Starre who took over the dairy farm in 2009 from his uncle and aunt in Slootdorp, in the northwest of the Netherlands. At 3.2 metres below sea level, the farm was reclaimed by Jochem's ancestors.

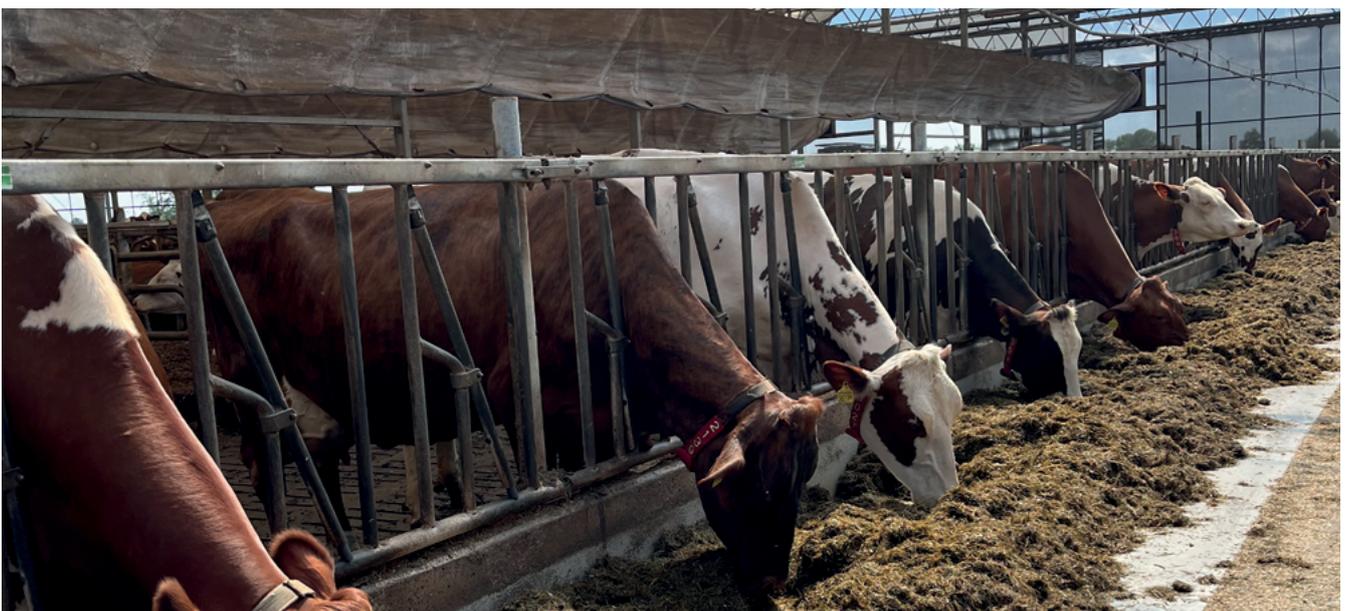


Image of one of the farms visited as part of the Lely Tour Group

Jochem, who works off farm, is a supervisory director of CRV (a leading supplier of top quality genetics, smart breeding management solutions and advice on herd management), and in 2018 he decided to automate his milking and feeding systems in an attempt to reduce labour intensity and utilise the level of data available to make more informed decisions on the farm. His farm consists of 168 cows – 153 lactating cows and 15 dry cows. The farm is equipped with three Lely Astronaut A5 milking robots which facilitates the production of 1.7 million kg of milk per year. At 32kg of milk per cow per day, the high yielding system utilises the Lely Vector automatic feeding system to supply the cows with a mix of 9.6kg grass silage, 5.6kg maize, 0.3kg straw, 1.6kg Faba beans, 1.4kg Beet pulp, 0.18kg minerals and 0.18kg acid buffer minerals, as well as 20kg of concentrate fed through the robot per 100kg of milk produced. Milk solids of 4.4% fat and 3.45% protein are achieved alongside a SCC of 120,000cells/ml.

The cows are milked 2.7 times per day. The farm is also using Lely's self-propelled grass harvesting and feeding system Lely Exos. The system is capable of travelling a mile from the farm yard to harvest grass, dispense liquid fertiliser through a series of nozzles as it passes, and return and dispense the load along the feeding barrier to the cows. The equipment facilitates an extended zero grazing season on the farm.

The last stop was to the Rotgans' farm, located in the north west region of the Netherlands. They produce 1.5 million kg of milk per year from 148 lactating cows with 20 dry cows. Cows were originally housed in an old barn with a double six-unit herringbone and in 2014 brothers Jan and Simon built a new barn with a focus on labour saving and efficiency. A Lely Vector automatic feeding system accompanies three Lely Astronaut A4 milking robots on the modern farm.

Production per robot is at 1,500kg milk per day. This equates to 30kg of milk per cow per day over three milkings, with constituents of 4.56% fat and 3.59% protein and a SCC of 180,000cells/ml. They achieve 3.6 lactations per cow and an average calving interval of 402 days.

The third generation farmers operate eight different feeding groups on the farm depending on stage of lactation and age of replacement, (i.e. start up, after 100 days, dry-off for cows, and replacements are divided into four groups in six monthly intervals). Their daily feed for lactating cows is 20kg grass and maize, with 27kg of concentrate fed per 100kg milk produced. The Rotgans' aim to provide labour satisfaction for both themselves and their animals, and believe that the rest will follow once that is achieved.

Overall, it was a really enjoyable two days, and it was great to have the opportunity to visit farmers in the Netherlands and understand their farming systems, as well as the main challenges and opportunities that they are facing. There is no doubt that while there are many similarities, the Dutch dairy industry is very different from our own here in Ireland. Milk output per cow and milk production per robot are some of the main focus points on farm. The levels of machinery, equipment and automation on the farms we visited was well in excess of what you would find on most farms in Ireland with the investment driven by labour, access to land and debt being passed on to the next generation. Similar to the experiences of many Irish farmers, each of the Dutch farmers we visited spoke of the increased levels of regulation in recent years and the subsequent challenges it brought. However, it is also noteworthy to mention their drive to overcome the challenges they face and remain at the cornerstone of their agricultural sector for many years to come.



AIB Agri Team

We have a dedicated Agri Advisor Team based around the country who support the needs of our farming customers. We are from farming backgrounds ourselves, so we have a practical understanding of the sector and bring a wealth of experience when looking at farm finance. Our team provide strong, objective farm financial and technical analysis on individual farm cases as needed.



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