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# Bank of Ireland economic pulse

April 2017



Agri  
Pulse

# Agri Pulse

April 2017

“A sense of cautious optimism comes through in the latest Agri Pulse survey findings, though Brexit is clearly a worry for farmers.”

Dr Loretta O’Sullivan,  
Group Chief Economist, Bank of Ireland

The Bank of Ireland Agri Pulse points to broadly positive sentiment among farmers in April 2017. Production expectations were up on August when the survey was last carried out, with the outlook for market prices also brighter.

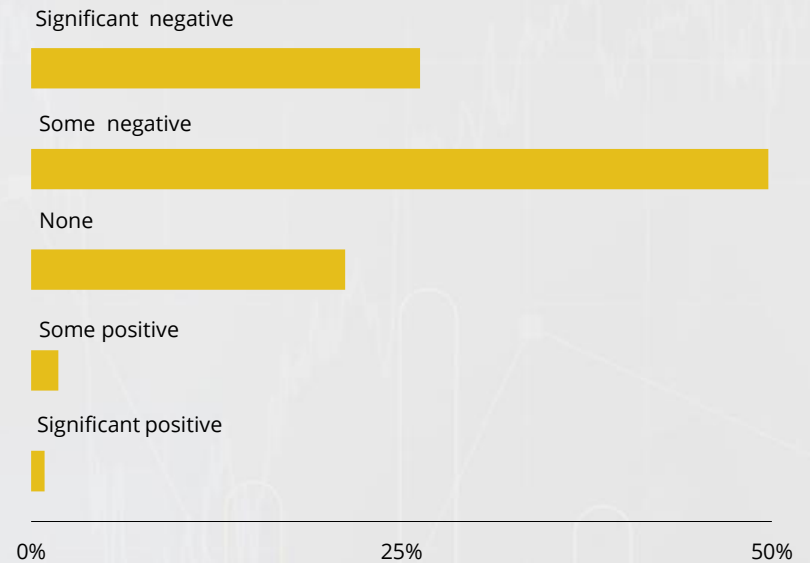
While the majority of farmers expect Brexit to have a negative impact on their business - reflecting the importance of the UK market for agricultural produce - some 29% are planning on increasing investment in the farm in the next 12 months and 45% have ambitions to expand over the next one to three years.

## KEY POINTS

- Broadly positive sentiment in April
- Younger farmers more upbeat
- Dairy the most optimistic sector

## BREXIT IMPACT

Next 12 months



# Agri Pulse

April 2017

“Sole trading is by far the most popular business structure, with very few opting for alternative arrangements such as limited companies, partnerships or share farming.”

Dr Loretta O’Sullivan,  
Group Chief Economist, Bank of Ireland

## CHARACTERISTICS

**2 in 3** Main farmers are aged 50 or over

**2 in 5** Are involved in outside activities to supplement the family farm income

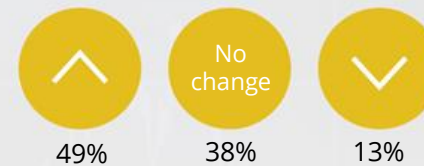
**9 in 10** Are sole traders

## FARM OUTPUT

	Past 12 Months	Next 12 Months
^	29%	32%
No change	54%	58%
v	16%	11%
Balance	+13%	+21%
Change on previous reading	-2	+9

## INPUT COSTS (excluding labour)

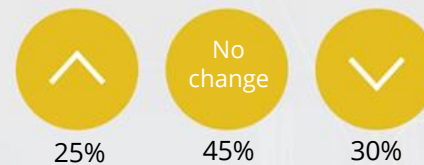
Past 12 Months



Balance +36% (+3 on previous reading)

## MARKET PRICES

Next 12 Months



Balance -6% (+27 on previous reading)

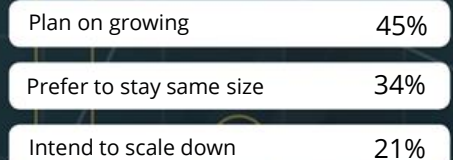
## INVESTMENT PLANS

Next 12 Months



## BUSINESS AMBITIONS

Next 1 to 3 years



# Agri Pulse

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“The results also show that younger farmers tend to be more positive, with dairy generally the most optimistic of the sectors.”

Dr Loretta O’Sullivan,  
Group Chief Economist, Bank of Ireland

## FARM OUTPUT

In the April survey, most farmers indicated that output was either up or unchanged over the past 12 months. Land and labour shortages were highlighted by dairy farmers as key factors impacting their production, while cashflow was called out by other sectors.

Over the coming 12 months, the majority expect to increase or keep production the same, with dairy and younger farmers particularly positive about the outlook.

## INPUT COSTS AND MARKET PRICES

On the cost front, one in two farmers reported an increase in input costs (excluding labour) over the past 12 months.

More positively, the share of respondents expecting market prices to increase in the coming year rose in April, while the share anticipating a decline in prices fell.

## INVESTMENT PLANS

The results also show that 29% expect to increase investment in the farm in the next 12 months, with dairy farmers leading the charge. Plans are centred on replacing and maintaining worn-out buildings, equipment & vehicles and purchasing livestock, with investment in new farm buildings, land and equipment & vehicles also in scope. The majority expect to spend up to €50,000.

## BUSINESS AMBITIONS

Looking further ahead, the results show that 45% of farming businesses are on a growth track, with younger farmers in particular looking to expand over the next one to three years. One in three plan on remaining the same size, while one in five (mainly older farmers) intend to scale down. The latter is up from 13% in August suggesting that Brexit may be concentrating minds.

# Background

## ABOUT THE AGRI PULSE

The Agri Pulse is a new addition to the Bank of Ireland Economic Pulse series. 250 farmers in Ireland are asked for their views on a wide range of topics including farm output, input costs, market prices, their investment plans and business ambitions. Dairy, cattle (suckler cow and other), tillage, sheep and other farming activities are covered, with the fieldwork for the surveys undertaken by Ipsos MRBI on behalf of Bank of Ireland.

“Farming remains important for rural communities and local economies throughout the country. The Agri Pulse provides an insight into what is happening in the sector, the issues and the trends.”

Dr Loretta O’Sullivan,  
Group Chief Economist,  
Bank of Ireland

## THE ECONOMIC PULSE

Bank of Ireland’s economic indicator for Ireland – the Economic Pulse – is based on a series of surveys. Each month households and firms are asked for their views on various topics including the economy, their financial situation, spending plans, house price expectations, business activity and hiring intentions. Key business sectors such as industry, services, retail and construction are covered, as well as regions. The information gathered is combined into high level indices, with responses to individual questions also provided along with analysis and insights.

## THE EU DIMENSION

Bank of Ireland is partnering with the European Commission on the consumer and business surveys. The data collected will feed into the Joint Harmonised EU Programme of Business and Consumer Surveys. This is a Europe-wide sentiment study which has been running since the 1960s. The data generated within this framework are particularly useful for monitoring economic developments at EU and Euro area level and also allow for the situation in Ireland to be compared with that of other Member States.

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**Note:** Balances are calculated as the difference between positive and negative responses.

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