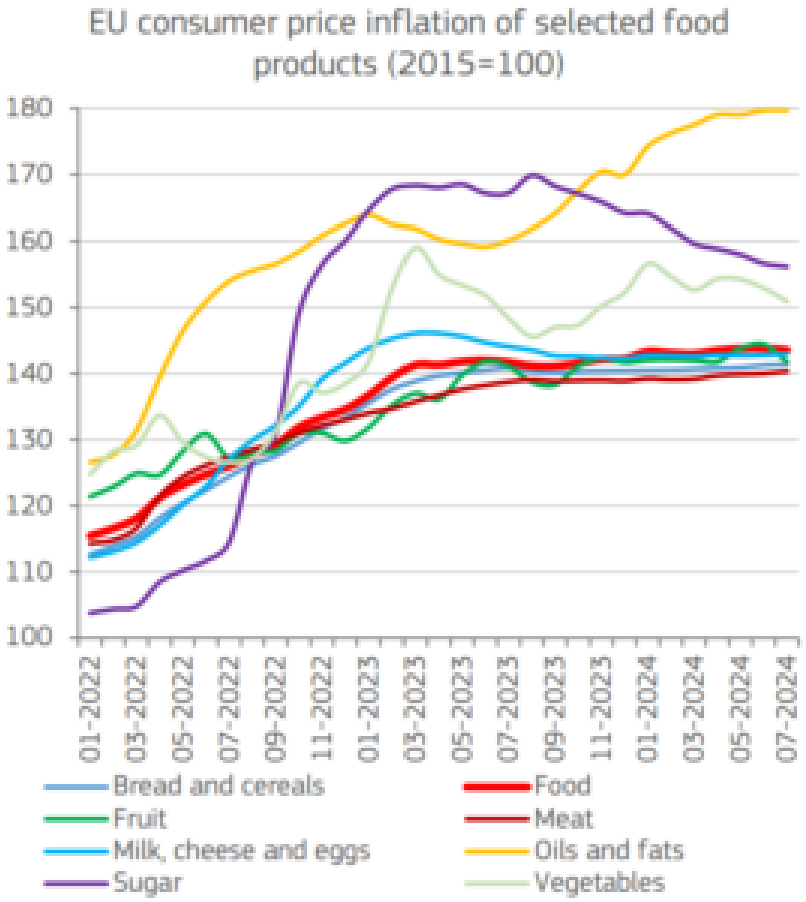
EU publishes Short-term Outlook for Agricultural Markets (Autumn 2024)

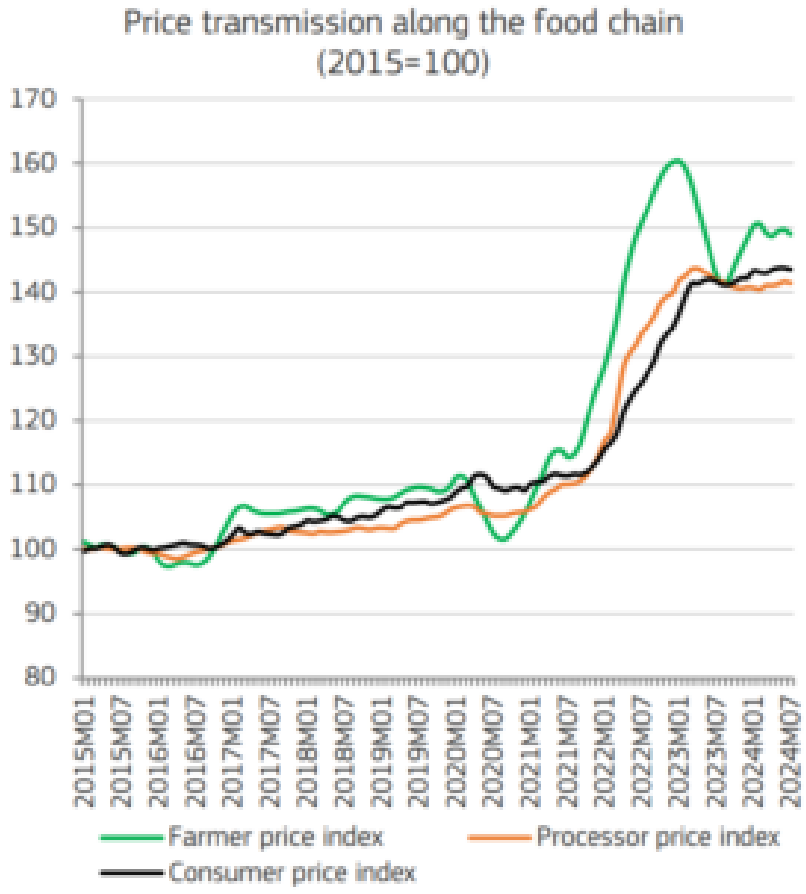


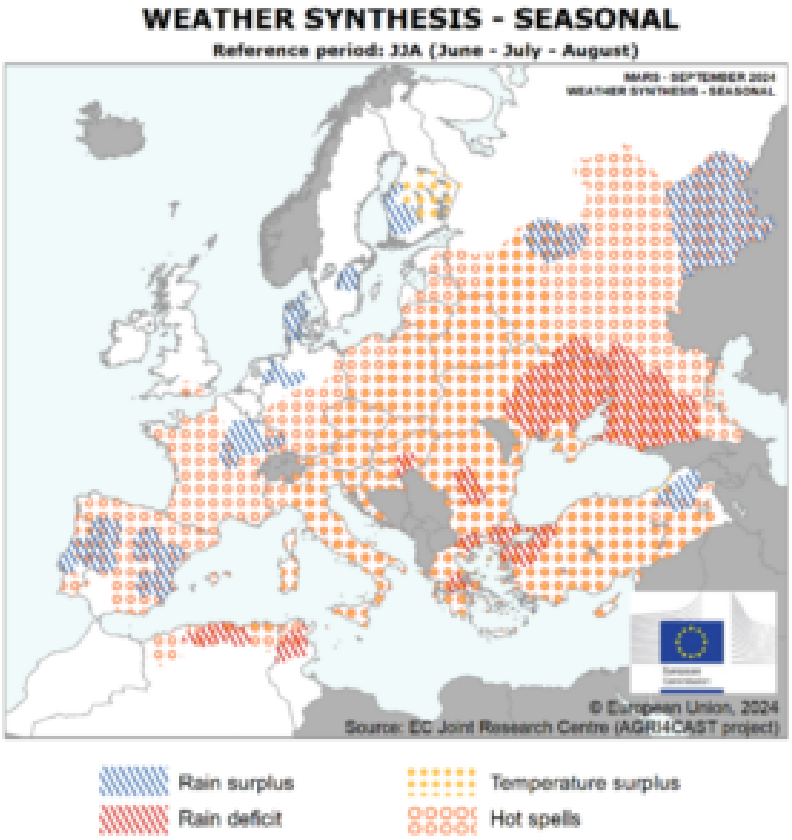
The EU's ***Short-term Outlook for Agricultural Markets (Autumn 2024)*** reveals significant challenges in agriculture, with adverse weather, geopolitical instability, and fluctuating trade conditions impacting production. The report identifies declining cereal and oilseed outputs, particularly for soft wheat and maize. Meanwhile, milk production is expected to remain stable despite a shrinking cow herd, and the meat sector shows mixed trends, with poultry production rising but pigmeat and beef facing structural challenges.

EU's Short-term Outlook for Autumn 2024 highlights the following key findings collectively shaping EU agricultural markets:

1. **Weather conditions**: Severe drought in Southern and Eastern Europe and excess rainfall in Northwestern regions have reduced cereal and oilseed yields.
2. **Energy and input costs**: Inflation is stabilizing but remains high, with elevated prices for inputs like fertilizers and energy.
3. **Geopolitical tensions**: The ongoing war in Ukraine and trade disputes are disrupting supply chains and impacting exports.
4. **Global demand**: While global agricultural demand is recovering, trade flows face disruptions due to regulatory changes and volatile market conditions.


EU consumer price inflation of selected food products (2015=100)
180
170
160
150
140
130
120
110
100
01-2022
03-2022
05-2022
07-2022
09-2022
11-2022
01-2023
03-2023
05-2023
07-2023
09-2023
11-2023
01-2024
03-2024
05-2024
07-2024
Bread and cereals
Food
Fruit
Meat
Milk, cheese and eggs
Oils and fats
Sugar
Vegetables


Price transmission along the food chain (2015=100)
170
160
150
140
130
120
110
100
90
80
2015M01
2015M07
2016M01
2016M07
2017M01
2017M07
2018M01
2018M07
2019M01
2019M07
2020M01
2020M07
2021M01
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2024M07
Farmer price index
Processor price index
Consumer price index

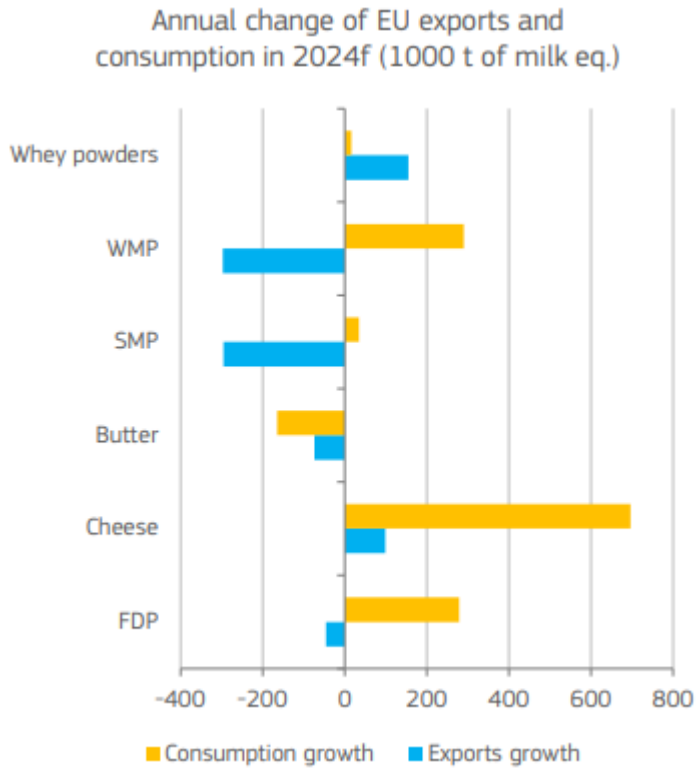


Cereals

The EU cereal production in 2024/25 is projected at **260.9 million tons**, approximately **7% below the 5-year average**. This marks the lowest production in the past decade, driven by unfavorable weather conditions, including excessive rain in Northwestern Europe, which impacted planting, particularly for soft wheat, and drought in Southern and Eastern regions, severely affecting maize yields. Production of **soft wheat** and **maize** is expected to decline year-on-year by 9.5% and 4%, respectively. On the other hand, **barley** and **durum wheat** production are increasing by about 6% and 3%, respectively, compared to the previous year.

EU cereal exports are projected to decline by 22% year-on-year due to reduced production and quality issues. At the same time, domestic demand remains relatively stable, with animal feed consumption holding steady as livestock production stagnates. In terms of prices, cereal prices fell throughout 2024, pressuring farmers' cash flow, which could hinder their ability to afford inputs such as fertilizers in the coming year.

Milk and Dairy Products



The EU milk market is expected to see relatively stable supply, despite a continuously shrinking cow herd. **Milk yields** have increased, compensating for the herd's decline. Milk prices are forecast to stabilize after a period of volatility in the past few years, remaining above historical averages, and input costs for farmers, such as feed and energy, are showing signs of stabilizing, allowing for a potential improvement in farmer margins.

Despite the stability in milk supply, demand for **dairy products** continues to show mixed trends, influenced by shifts in consumer preferences and trade dynamics. The balance of milk supply and prices could provide an opportunity for dairy farmers to recover some profitability after several challenging years.

In the **dairy products** sector, cheese and butter continue to dominate EU production, with butter production projected to rise slightly in 2024, driven by stable milk supplies and strong domestic demand. The demand for butter in the global market remains relatively strong, although competition is rising.

Cheese production is also expected to remain stable, reflecting a balance between domestic and export markets. The cheese sector has seen steady growth over the years, supported by increasing consumer demand for premium and specialty cheeses. The demand for skimmed milk powder (SMP) and whole milk powder (WMP) is projected to remain subdued due to fluctuating global demand, particularly from key markets such as China, although some growth is expected in non-European markets.

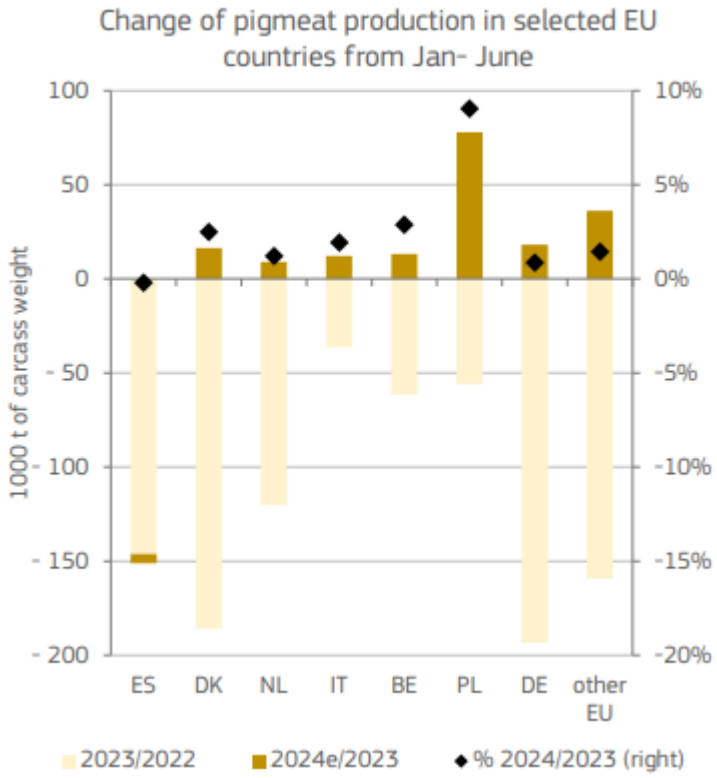
Meat Products

The meat sector in the EU remains a mixed picture, with structural changes and external factors shaping production and trade in 2024.

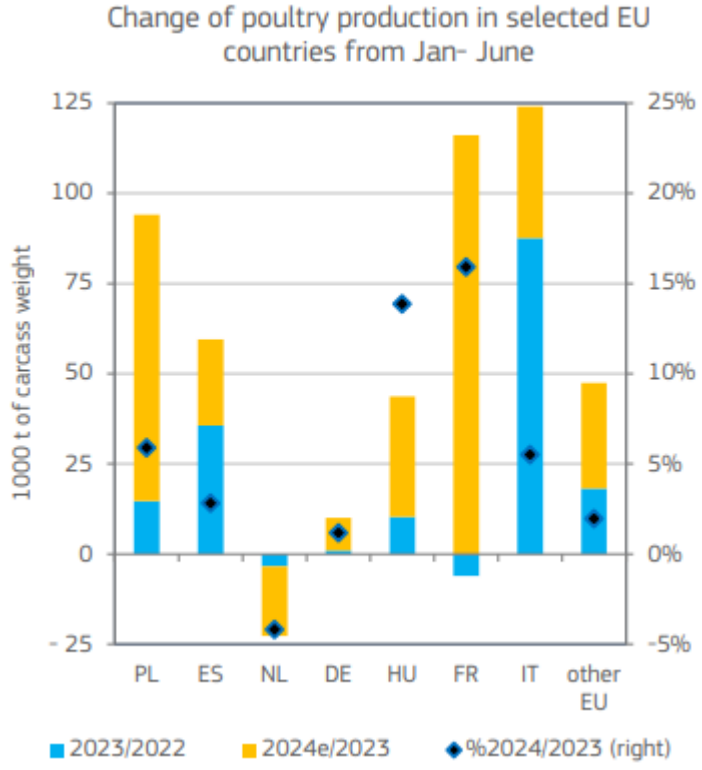
Beef and Veal: Beef production continues to face structural decline due to a shrinking herd size, with the sector stabilizing but at lower levels of production. The demand for EU beef remains relatively high, and exports are increasing, but domestic production is likely to remain constrained by environmental and economic pressures. Additionally, the number of animals has been declining consistently, reflecting longer-term trends within the EU beef industry.

Pigmeat: The EU pigmeat sector is facing diverse challenges, with some countries recovering from production setbacks, while others struggle with ongoing disease outbreaks and economic issues. The overall EU pigmeat production is expected to decline slightly, and exports have become less competitive, particularly with reduced demand from key markets such as China. However, opportunities exist in other

Asian countries, where EU exporters are gaining ground. Domestically, consumption is forecast to decrease slightly, reflecting shifting consumer preferences toward plant-based alternatives and poultry.



Poultry: Poultry production is expected to rise, driven by strong domestic demand and favorable export conditions. The EU poultry sector has shown resilience, with increasing production and exports, despite higher input costs. Poultry remains a preferred source of protein for consumers, especially as prices for other meats rise. The sector continues to grow in competitiveness on the international stage, with exports expected to increase in 2024 despite the challenges posed by higher EU prices.



Sheep and Goat Meat: Production of sheep and goat meat continues to decline due to the structural

reduction of flocks across the EU. High EU prices have made sheep and goat meat less competitive on the global market, reducing export opportunities. Domestically, consumption remains stable but at lower levels than other meat types. The ongoing structural decline in the sector highlights long-term challenges related to animal health, productivity, and market competitiveness.

Volatility and challenges persist

The report highlights the ongoing challenges faced by the cereals, dairy, and meat sectors. Weather conditions and global trade dynamics are shaping the future of EU agriculture, with many sectors grappling with production declines and shifting market demands. Despite these challenges, opportunities exist for some areas of growth, particularly in dairy and poultry, where rising consumer demand and stable supply conditions offer optimism for the future.