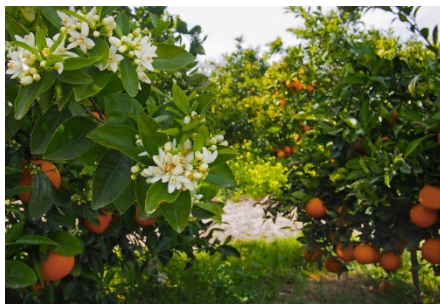




# SHORT-TERM OUTLOOK

for EU agricultural markets  
in 2024



SPRING 2024

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While all efforts are made to provide sound market and income projections, uncertainties remain.

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Contact: DG Agriculture and Rural Development, Analysis and Outlook Unit

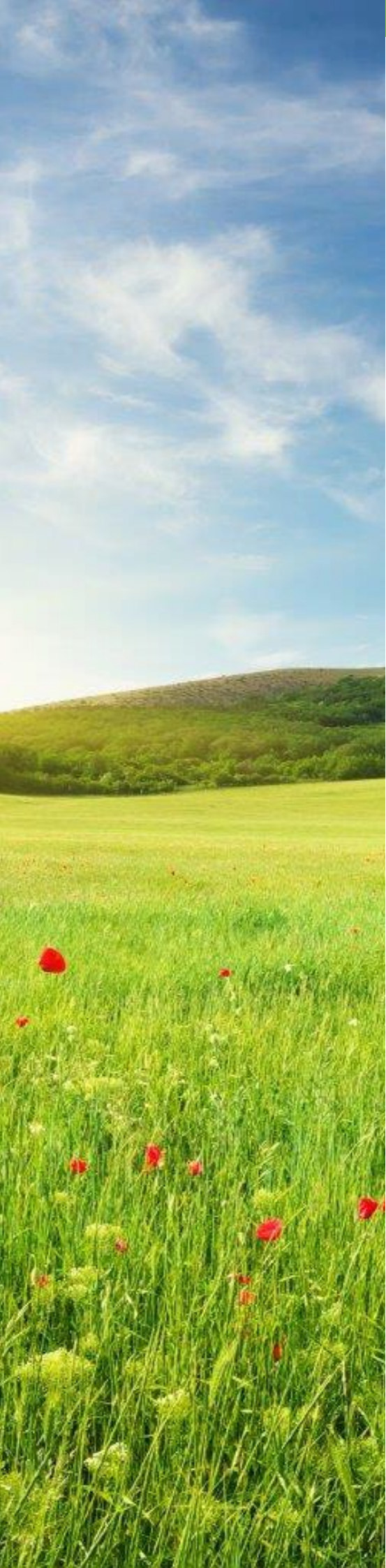
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## HIGHLIGHTS

The outlook remains characterised by uncertainties, notably the evolution of geopolitical crises and their implications on trade, prices and the overall economy, with continued pressure on farmers. Since the last short-term outlook (Autumn 2023), there have been some favourable but limited developments in input costs, with the prices of energy, fertilisers and animal feed declining albeit remaining significantly above pre-Covid levels. Producer prices for many commodities also remain above pre-Covid levels, despite downward trends, with some producer prices declining at a faster rate than input costs, hurting the profitability of certain farms (differentiated geographically, by size and by sector). Other factors could, to some extent add further pressure on farmers. Among these, high interest rates, and high labour costs. The ongoing conflicts in Ukraine and in the Middle East risk prolonging difficulties or even create new disruptions on international trade in goods, including the redirection of trade, leading to higher shipping costs and/or delays. Such developments would put upward pressure on both input and agricultural commodity prices, whose magnitude is hard to predict, but with the strong potential of having an impact on agricultural markets.

Along the EU food chain, the transmission of the decline of agricultural producer prices to processor and consumer prices still lags behind. The processor price index has been declining since April 2023, but the consumer food price index has remained at an elevated level. Among categories of food products, prices of fresh fruits and vegetables, and olive oil continued to increase, while others remain stable at high levels compared to trends (e.g. meats, and bread and cereals). High prices, combined with reduced prospects for economic (and thereby household income) growth, will continue to impact negatively EU consumption trends in 2024, leading to potential shifts across food product categories (e.g. oil and fats) or within them (e.g. types of meats, or types of dairy products).

At this stage, the weather conditions are rather mixed – less favourable for winter crops while overall more positive for spring sowing conditions, with some delays reported due to wet conditions, especially in northern EU. Winter crops have been affected by overly wet conditions over the winter, affecting yield potential in north-western EU. After some years of dry and hot weather, positive signals have been coming from the Iberian Peninsula for the coming season. Grassland conditions are also favourable, mainly due to mild temperatures, and in general, grassland shows a higher resilience to weather changes than cropland. However, given the unpredictability of extreme weather events and the abrupt weather changes observed in past years, these signals are to be treated cautiously and will continue to be monitored until the next, Autumn edition, of the outlook report.



Taking into account above-mentioned observations, these are the main highlights for sectors covered in this report:

- 2024/25 EU cereal production is expected to increase, with further expectations of the EU cereal trade balance returning to the 5-year average (combination of both improved exports and reduced imports). At the same time, EU production of oilseeds and protein crops could grow in 2024/25, while imports of oilseed meals and oils could continue declining.
- 2023/24 EU sugar production is estimated to increase up to the 5-year average, leading to a sharp reduction of the net imports of sugar.
- EU production of apples in 2023/24 is estimated at a 3-year low due to area reductions and unfavourable weather conditions in the main producing countries, negatively impacting consumption.
- Adverse weather conditions also affected the production of oranges in both quantity and quality, with significantly reduced exports and negatively impacted consumption.
- Despite some EU olive oil production recovery in 2023/24, both domestic and EU export demand continues to suffer from high prices.
- Also, EU wine production is expected to fall due to adverse weather, while consumption continues its declining trend and trade shrinks.
- Despite the continuously declining cow herd, EU milk supply is forecast to slightly increase in 2024, while the combination of stabilizing EU raw milk prices above historical price levels and the easing inflation could improve the margins for dairy farmers.
- The increase in EU poultry production covers almost completely the decline in other meat sectors, while overall trade balance continues worsening.
- Tight situation between meat demand and supply supports relatively high market prices, while imports to the EU could further grow.



## KEY MESSAGES

**+0.6%**

Euro area real GDP growth in 2024 in ECB projections

**+2.3%**

Euro area inflation in 2024 in ECB projections

**-0.15%**

Monthly change of EU food consumer prices in February 2024

## MARKET FUNDAMENTALS

### HIGHLIGHTS

Compared to the 2023 Autumn Short-term Outlook, the expectation of real economic growth in 2024 has been revised downwards in the wake of falling household purchasing power, lower external demand, monetary tightening, and a partial withdrawal of fiscal support in 2023. On the other hand, inflation is expected to decline faster than previously predicted. Current energy forecasts do not foresee an increase in oil and gas prices, as energy supply is deemed sufficient despite the production cuts announced by the OPEC+. However, the tensions in the Middle East, which have currently caused a redirection of maritime traffic around the Cape of Good Hope, could lead to shocks in case of further escalations in the region.

Farmers face numerous challenges related to input costs, despite a downward trend in most input prices, in particular energy, fertilisers and feed. Some inputs continue to be affected by inflation (such as those related to investments). Overall, input prices remain still largely above pre-Covid levels (+32%). The affordability of fertilisers has been improving as EU fertiliser production continues to recover. Imports of N fertiliser remain at historically high levels, while imports of P and K decreased significantly, indicating a drop in the use of P and K that may negatively impact soil fertility.

Agricultural producer prices have declined sharply from their peak but remain above pre-Covid levels. The transmission of the decline to processor and consumer prices lags behind. Food prices are on average relatively stable, except for certain food categories (oils and fats, sugar) that can still influence consumption choices in 2024.

# MARKET FUNDAMENTALS

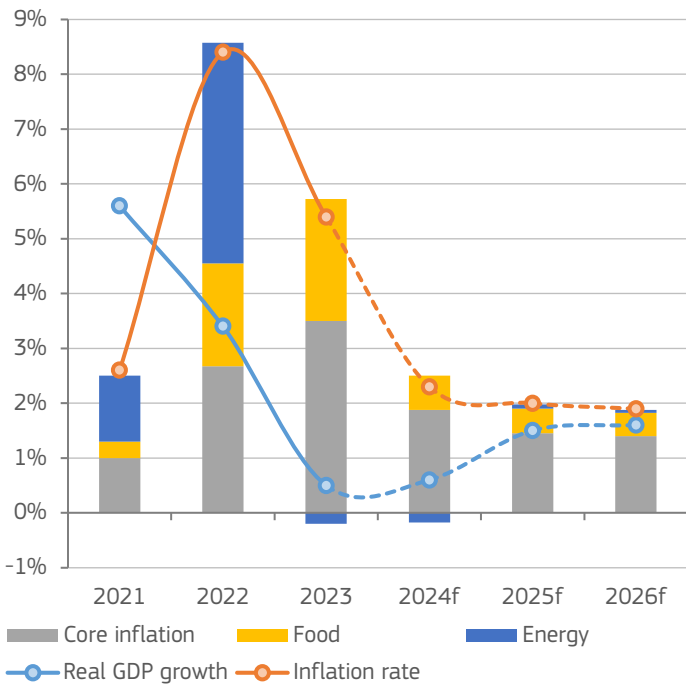
## SUBDUED ECONOMIC GROWTH WITH DECLINING INFLATION IN 2024

2023 finished with economic stagnation caused by sluggish internal demand, businesses reducing their inventory levels, and tight financing conditions. According to the latest ECB forecast, the subdued Euro area real GDP growth recorded in 2023 (+0.5%) would also continue for the current year (+0.6%). Growth is expected to pick up in the second half of 2024, driven by rising private consumption and a recovery in confidence on economic growth. The USD/EUR exchange rate is projected at a value of 1.08 for the short term.

Inflation in the Euro area is expected to further slow down from 5.4% in 2023 to 2.3% in 2024. Core inflation (inflation without energy and food) is to remain the main driver of price increases for the short term, while energy prices are expected to slowly decline. As inflation decelerates, real wage growth and resilient employment could facilitate a rebound in consumption.

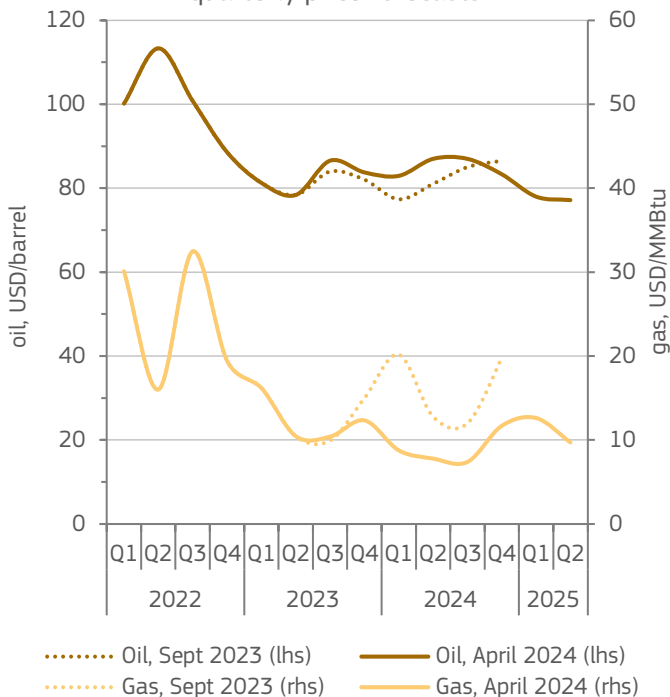
The economic outlook remains subject to uncertainties, notably from the geopolitical tensions from the ongoing Russian aggression in Ukraine and the increasing tensions in the Middle East, which could impact trade developments and put pressure on prices.

Forecasts of Euro area real GDP growth and inflation



Sources: European Central Bank staff macroeconomic projections for the Euro Area (March 2024).

Brent crude oil and UK natural gas quarterly price forecasts



Note: 1 MMBtu is 1 million British thermal units, approximately 293.1 kilowatt hours.  
Source: S&P Global.

## STABLE ENERGY MARKETS DESPITE GEOPOLITICAL TENSIONS

Despite the escalating geopolitical tensions in the Middle East and the production cuts announced by OPEC+ countries, S&P Global does not expect a major impact of these drivers on oil prices. These are expected to reach around USD 85/bbl, and oil supply will still be sufficient to satisfy a weaker global demand in both 2024 and 2025 without significant price spikes.

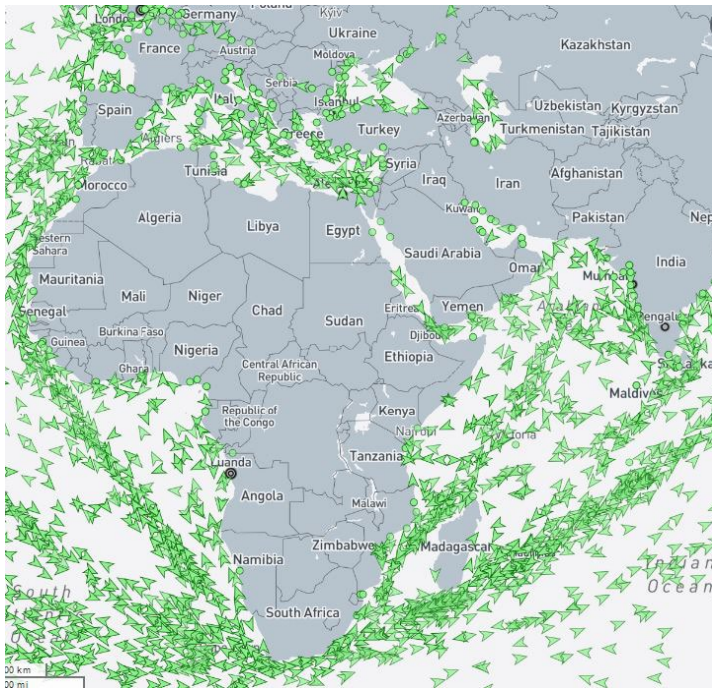
Regarding the market of natural gas, current S&P Global projections provide a significant downward revision of natural gas prices from the 2023 Autumn Short-term Outlook. Prices are expected to fluctuate around USD 10/MMBtu in 2024 and 2025 (around EUR 30/mWh), with higher prices in winter months, as stocks ended winter at record highs and warmer temperatures would naturally lead to a reduced demand.

These projections are however susceptible to uncertainties driven by future developments of the aforementioned geopolitical tensions in the Middle East, in particular if they would further escalate across the region.



# MARKET FUNDAMENTALS

Maritime flows of cargo vessels as of 17/04/2024



Source: MarineTraffic.

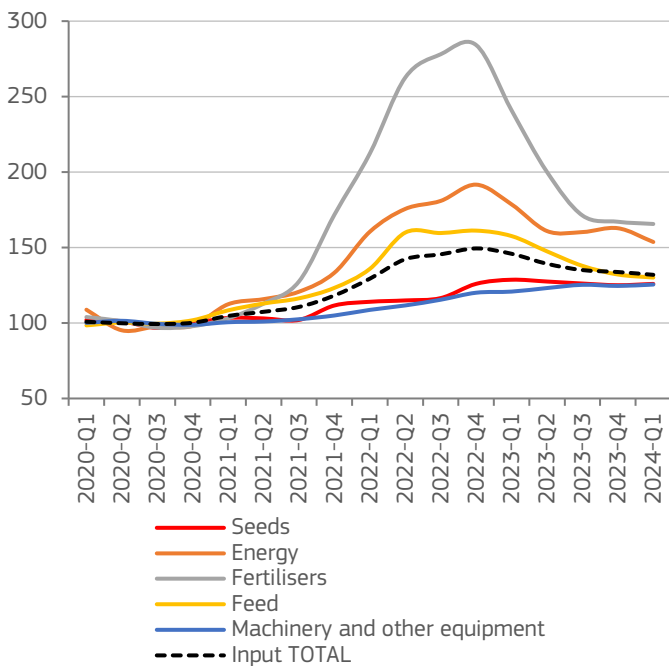
## CARGO REROUTED FROM THE RED SEA TO THE CAPE OF GOOD HOPE

Following the Houthi attacks to maritime vessels in the Red Sea, maritime traffic in the area has dropped significantly and maritime operators have rerouted the flows around West Africa via the Cape of Good Hope. As a result, transit in the Red Sea in the first week of April was 73% below that of the first half of December 2023. Containership shipments were down by 92% and bulk carrier shipments by 55%. On the other side of the African continent, Cape of Good Hope flows remain elevated, standing in the first week of April 67% above the first half of December.

Despite these tensions, the impact of the conflict in the Red Sea on maritime freight rates has been rather contained compared to the logistics crisis of 2021/22 when container prices increased almost tenfold. Nonetheless, as of 11 April, the Drewry World Container Index is 115% higher than last December. Dry bulk transport seems much less affected by the tensions, with very limited price movements. However, rerouting through the Cape of Good Hope leads to delays that might impact the delivery of perishable agricultural products to South-East Asia, as well as adding further fees and charges (e.g. insurance) for EU exporters.

## INPUT COSTS DECLINING BUT STILL LARGELY ABOVE PRE-COVID LEVEL

Index of purchase prices for means of agricultural production (2020=100)



Source: DG Agriculture and Rural Development, based on Eurostat.

Farmers continue to face numerous challenges related to input costs even if several of them continue their downward trend. Among them, energy is estimated to record a strong decrease in Q1/2024 compared to Q4/2023 (-6%), while prices of feed and fertilisers declined modestly (1.5 and 1% respectively). In parallel, some input prices may continue to increase: for example, prices of certain inputs related to investments (machinery and equipment, buildings) or of seeds by close to 1%. Overall, input prices are likely to decrease by 1,9% in the last quarter but remain still largely above pre-Covid level (32% in total and up to 65% for fertilisers).

Concerning fertilisers, affordability of fertilisers has, on average, been improving since the end of 2022, although it decreased in recent months due to unfavourable crop prices. The EU fertiliser production continues to recover from the energy shock. Imports of N fertiliser slowed down in 2023 but remained at high levels historically. Imports of P and K decreased by 40-50% between 2020 and 2023. This indicates that N fertilisation declined moderately (despite high prices), while P and K use declined more, raising concerns about overall soil fertility. Recent data show that imports of P and K are picking up in the first months of 2024, reflecting a possible demand recovery for these nutrients.

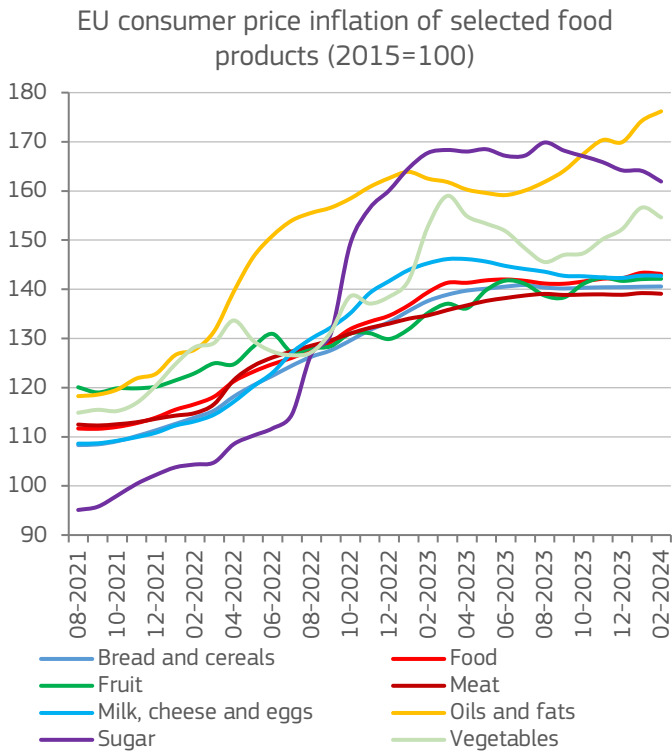




# MARKET FUNDAMENTALS

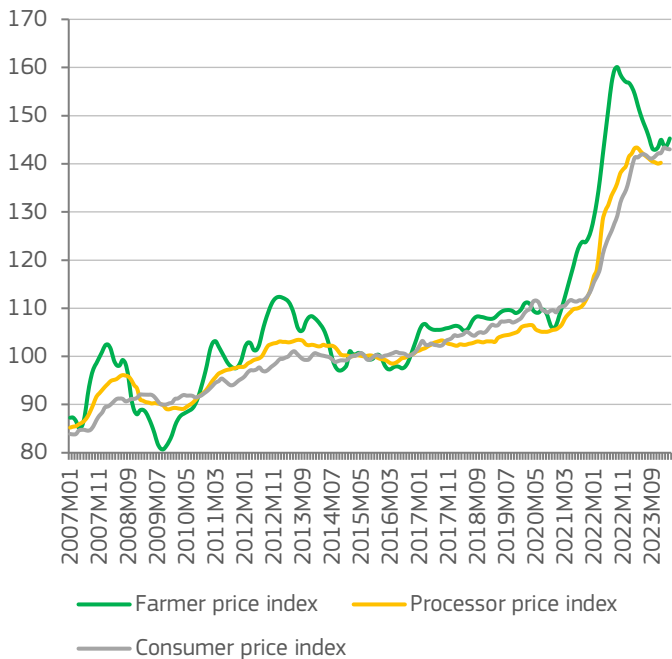
## FOOD PRICES ARE OVERALL STABILISING

While the EU food price index has stabilised since March 2023, on average it has increased by around 43% compared to 2015. However, in certain EU countries, the impact of the 2022 price surge has been more significant, namely in HU (almost 100% more than 2015 levels), BG (73% higher), LT (+69%), EE (+67%) and PL (+65%). Despite the stabilisation of prices at the aggregated level, there are still important price movements when looking at individual food products. The most noticeable example is the category “oils and fats” that registered an increase of 76% in February 2024 compared to 2015, recently driven by the increase in olive oil prices (103% higher than in 2015). The spike for vegetables is, to some extent, driven by seasonality, and so it starts to show some signs of price reduction. Similarly, the very visible increasing trend of sugar prices, that culminated in August 2023 in levels which were 70% higher than in 2015, is also showing signs of a slow downward trajectory, while remaining significantly above the food price index and the levels seen until the first half of 2022. These dynamics could negatively impact EU consumption trends in 2024, through potential shifts between food products’ substitutes (e.g. substituting vegetable oils, meat types, or consuming different dairy products). Consumption of food at households’ level has dropped from 12.8% in 2021 to 12.2% in 2022 of total consumption.



Source: DG Agriculture and Rural Development, based on Eurostat.

Price transmission along the food chain (2015=100)



Source: DG Agriculture and Rural Development, based on MS notifications and Eurostat.

## EU FARMER PRICE INDEX LOWER WITH A LAG IN TRANSMISSION ALONG THE EU FOOD CHAIN

Since the end of 2022, strongly declining prices of cereals have supported the downward trend of the EU farmer’s price index, which was further pushed down by lower raw milk prices. However, still high prices of animal products (meats and raw milk) to some extent support some stability of the overall farmer price index. At the same time, prices of fresh produce and sugar remain high. Therefore, the EU farmer’s price index stays relatively stable (between 143-145 points compared to the 2015 index) since last August.

The decline in cereals prices, and the consequent improvement of feed affordability, could bring some downward pressure on prices of animal products. On the other hand, these could be supported by both domestic and external demand. Prices may move depending on the outcome of the harvests.

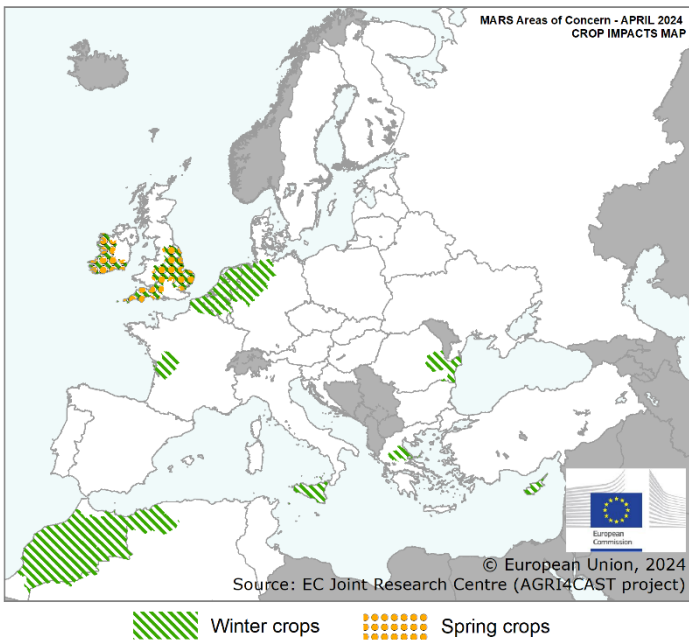
The full transmission of reduced agricultural producer prices from the end of last year to processor and consumer prices still lags. The processor price index has been declining from April 2023, while the consumer price index has actually increased in September.



# MARKET FUNDAMENTALS

## CROP IMPACTS

Reference period: until 13 April 2024



Source: JRC MARS bulletin, April 2024

## MIXED PICTURE WITH RECORD HIGH TEMPERATURES, RAINFALLS AND RAIN DEFICITS

According to the latest JRC MARS bulletin, weather conditions from 1 March until 13 April 2024 are less favourable for winter crops while overall more positive for spring sowing conditions. Winter crops have been affected by overly wet conditions over the winter, affecting yield potential in north-western EU. In several parts of northern EU, FR and ES, rainfall was significantly above average, while central and eastern EU recorded a significant rain deficit. Areas most affected by unfavourable conditions are expected to be resown with spring and summer crops or to remain with reduced yields. Average daily temperatures were among the warmest ever recorded. The implications for crop yields are generally favourable, except in IE for winter and spring crops due to water excess, and potentially also in northern IT, while negative yield impacts could be expected in Benelux countries, north-western DE, western FR, eastern RO, EL and CY (due to droughts), and Sicily due to water deficit. Some areas of HU and RO could also face some water deficit issues. Average daily temperatures until end of April are expected to decrease, and some significant rainfall is expected. Recently, there have also been some episodes of spring frost. As regards grassland and fodder crops, continued mild temperatures boost growth but wetness remains an issue in north-western EU.



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## KEY MESSAGES

**+13%**

Barley production in 2024/25

**Stable**

Use of cereals in 2024/25

**+11%**

Soya beans production in 2024/25  
(+18% above 5-year average)

**+7%**

Sugar production in 2023/24

## ARABLE CROPS

### HIGHLIGHTS

2024/25 EU cereal production could reach 278.5 million t (+3% year-on-year), which is 0.9% below the 5-year average, driven mainly by an expected increase of maize area, and increasing yields of barley and durum wheat. The EU cereal trade balance becomes more positive. After a historically high level in 2022/23, EU cereal imports could continue declining. The EU use of cereals is stable compared to the last marketing year. The increase in use of cereals for food and feed is expected to be rather marginal, while the use of cereals for biofuel production could remain at around 12 million t.

The EU oilseed production in 2024/25 is expected to be at 33.2 million t (+1.2% year-on-year), due to more cultivated area of soya beans, and an increase of rapeseed and sunflower yields (with soya beans to remain stable). With a production of around 5 million t, the availability of protein crops could be historically high.

The 2023/24 EU sugar production is estimated at 15.6 million t, rebounding from the previous season and in line with the 5-year average. This increase is driven by an increase in area and in beet yields. Due to higher availability, sugar exports are expected to reach a 5-year high, while imports are set to drop by a quarter. With a small increase in estimated consumption, stocks are expected to grow by almost 10%.

# CEREALS

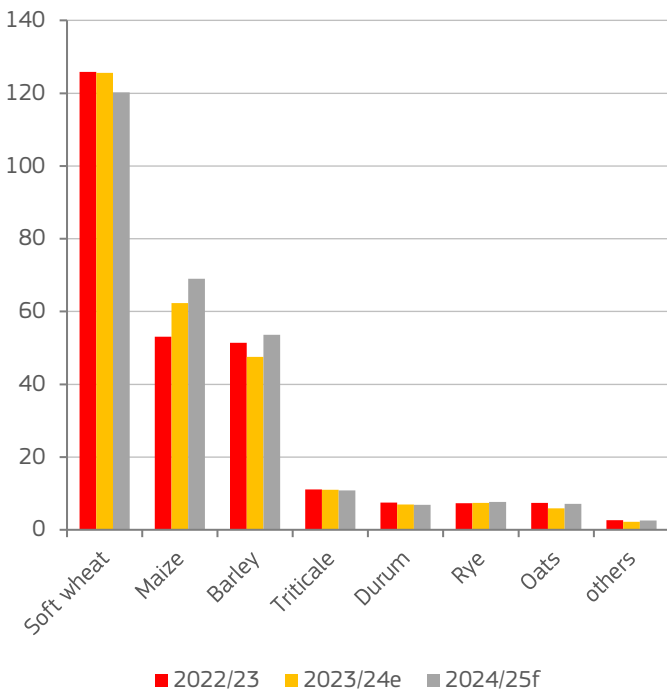
## FURTHER RECOVERY OF CEREAL PRODUCTION IN 2024/25

The 2023/24 EU cereal production is estimated to reach 269.8 million t, which is 1% above the previous marketing year, and despite a lower cultivated area (-1.5%). EU soft wheat production is estimated to be stable (125.6 million t), while maize production is recovering from the very low level harvested the previous season (+17% to 62.3 million t), although remaining 10% below the 5-year average.

In 2024/25, EU cereal production is projected to increase to 278.5 million t (+3% year-on-year), which is -0.9% below the 5-year average, driven mainly by an expected increase of maize area, and better yields expected for barley and durum wheat. Wheat area is projected to be lower than in the past (-4.5% compared to 5-year average) due to difficult autumn sowing conditions in large areas of western, northern and eastern EU.

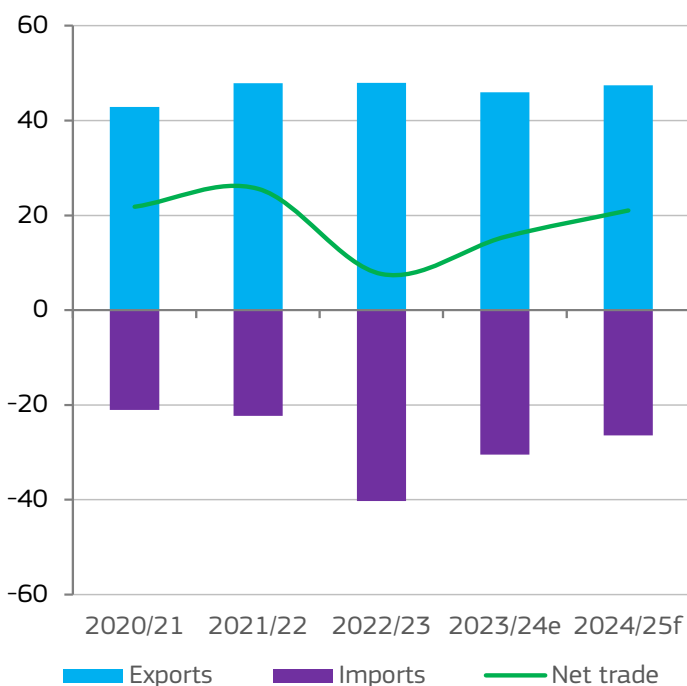
EU cereal prices continue declining and are currently below the 5-year average. This evolution, combined with high input prices, contributes to put pressure on farmers' margins.

EU cereals production (million t)



Source: DG Agriculture and Rural Development, based on Eurostat, MS notifications and JRC MARS data.

EU cereals trade (million t)



Source: DG Agriculture and Rural Development, based on Eurostat.

## MORE POSITIVE EU TRADE BALANCE AND STABLE CEREALS CONSUMPTION IN 2024/25

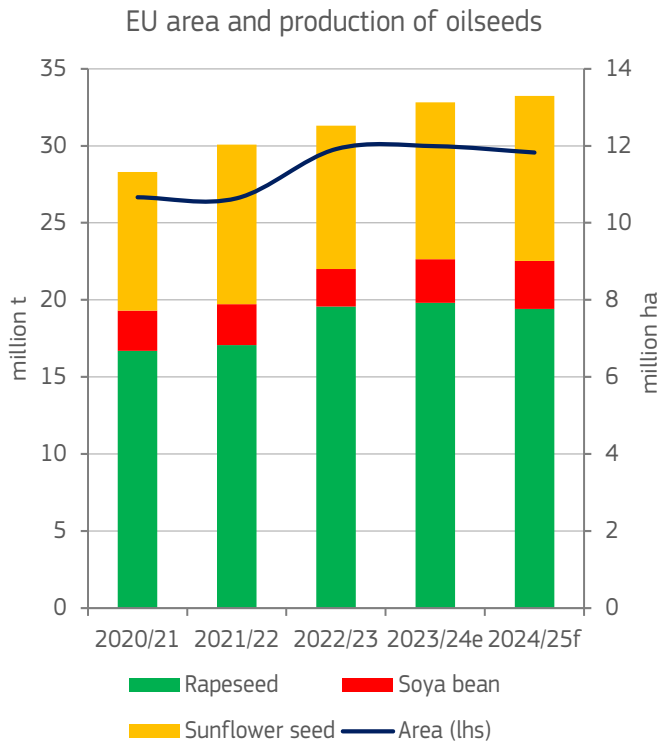
In 2023/24, EU imports are expected to be lower for maize (-33%), soft wheat (-17%) and barley (-17%), while imports could increase for durum wheat (+37%) to compensate the lower domestic production. Overall, EU cereal imports in 2023/24 remain 17% above the 5-year average. However, improved logistics of the Black Sea corridor facilitate exports of Ukrainian grains to the global markets with less Ukrainian grains entering the EU. The EU cereal trade balance is expected to return in 2024/25 to the historical average. A recovering domestic production and relatively high beginning stocks should allow ample export potential.

In 2023/24, the EU consumption of cereals is not expected to change substantially (+0.7% year-on-year), remaining 0.6% below the 5-year average. The stable EU use could be driven by stable human consumption (+0.5%) and animal feed (+0.3%), reflecting a rather stagnating EU animal production expected in 2023/24, although lower cereal prices in 2023 and ample availability of quality feed cereals provide good opportunities for livestock producers. The use of cereals for industrial purposes is expected to grow slightly compared to 2022/23 (+3.8%), of which 12 million t of cereals (+12% year-on-year) could be used to produce biofuels. EU cereals consumption in 2024/25 is expected at this stage at a similar level to the current marketing year.



# OILSEEDS

## ONGOING GROWTH OF EU SUNFLOWER AND SOYA BEAN PRODUCTION IN 2024/25

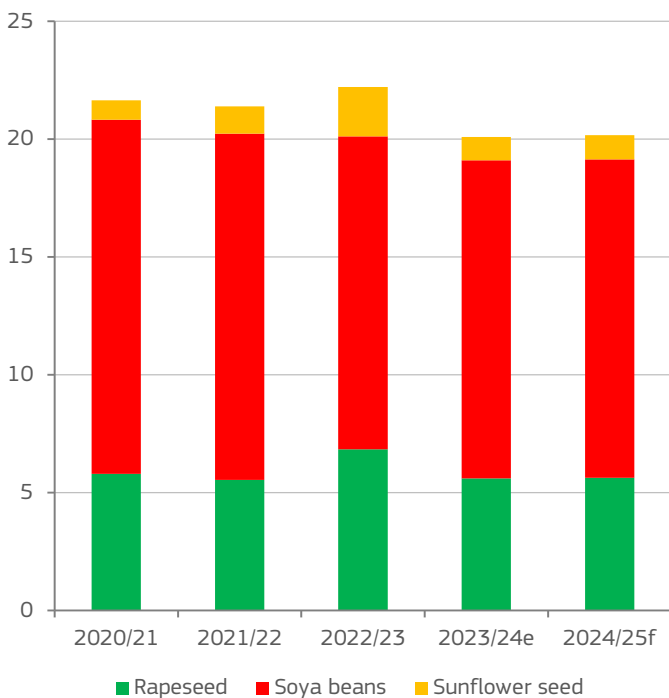


Source: DG Agriculture and Rural Development, based on Eurostat, MS notifications and JRC MARS data.

The 2023/24 EU oilseed production is expected to reach 32.8 million t (4.8% above the last marketing year and 10% above the 5-year average). This is driven by higher soya bean and sunflower seeds production due to increasing cultivated areas (5% and 10% above the 5-year average). Yields of soya bean and sunflower seeds also increased (+27% and +13% year-on-year). Rapeseed production is expected to increase only slightly to 19.8 million t (+1.3%). In 2024/25, EU oilseed production is projected to reach 33.2 million t supported by further soya bean and sunflower yields improvements, and expanded soya bean area.

Rapeseed and sunflower seeds imports are expected to decrease in 2023/24 (-18% and -53%). This decrease is primarily attributed to reduced imports from Ukraine, which has reverted to its usual pace of crushing. Soya bean seeds imports could have a small increase of 2% to 13.5 million t. Protein crops production in 2023/24 is 4.4 million t, in line with the 5-year average, and is forecast to increase to 5 million t in 2024/25 driven by field peas and broad beans (+15% and +12% year-on-year). EU imports of protein crops are expected to increase by 17%, especially of field peas (+78%). EU imports and exports of both oilseeds and protein crops are forecast to remain relatively stable in 2024/25.

## EU oilseeds imports (million t)



Source: DG Agriculture and Rural Development, based on Eurostat.

## LOWER IMPORTS OF OILSEED MEALS AND OILS

The 2023/24 EU production of oilseed meals is expected to marginally decline to 30 million t (1.6% below the last marketing year) driven by a reduction in rape meal production (-5%). EU exports of oilseed meals are expected to decline to 2.1 million t (-13% year-on-year), driven mainly by lower exports of sunflower meals (-15%). EU oilseed meals exports are predicted to increase in 2024/25, due to expanded oilseed production and crushing. In 2023/24, EU imports of oilseed meals are forecast to fall by 5.5% year-on-year and to subsequently remain stable at 18.4 million t in 2024/25. The decline in oilseed meals production and imports in 2023/24 is in line with a decline in uses (3% below the 5-year average).

The 2023/24 EU production of vegetable oils is expected to decline to 16.6 million t (3% below the last marketing year) and EU consumption is also expected to decline (-7%). However, the 2023/24 production of vegetable oils remains 4.6% above the 5-year average. Palm oil use is forecast to continue its structural fall (-30% in 2023/24 and -19% in 2024/25), reflecting reduced utilisation for biofuel production. Both EU exports and imports of oils are expected to decline in 2023/24. Exports could amount to 2.5 million t in 2023/24 (-15% year-on-year) and to 2.4 million t in 2024/25, due to lower exports of sunflower (-22%) and soya bean (-19%) oils.



# SUGAR

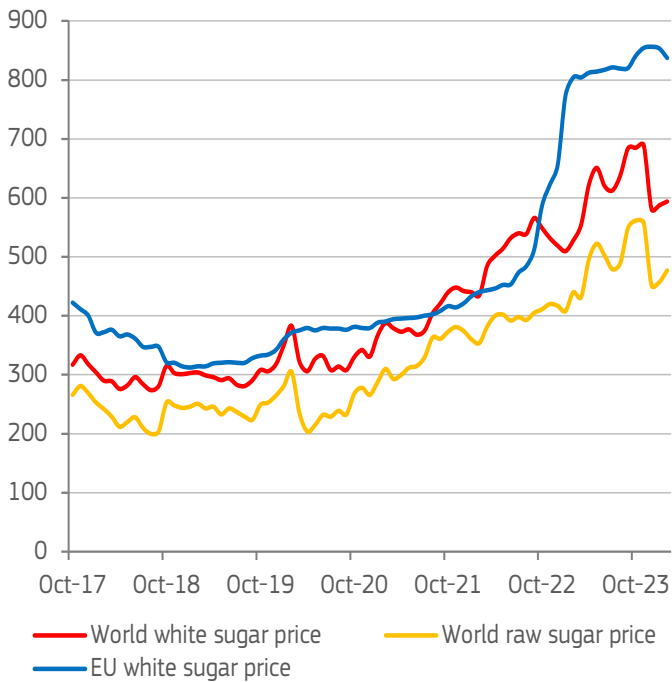
## EU PRODUCTION REBOUNDS IN 2023/24 AMID HIGH PRICES

The 2023/2024 EU sugar production is estimated at 15.6 million t, 7% above the previous season and in line with the 5-year average. This is due to an increase in sugar beet area in some EU countries, most notably in PL (+16% year-on-year), HU (+52%) and RO (+79%), but also due to a recovery in sugar beet yields in IT (+49%), DE (+12%) and FR (+6%). The world sugar production is also forecast to increase in 2023/24.

Supported by an increase in domestic production and relatively high stock levels, EU exports of sugar are forecast to increase sharply to a 5-year high of 1.1 million t in 2023/24 (+77% year-on-year). After the sharp increase recorded last season, import levels are forecast to decrease in 2023/24 by 26% to 1.9 million t.

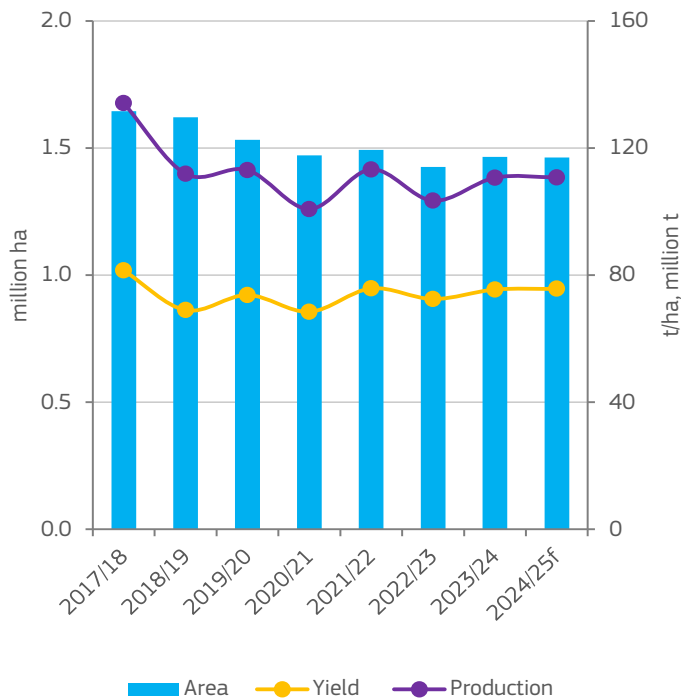
Higher production also coincided with the relative stabilisation of EU sugar prices. The average EU price in February 2024 stood at EUR 837/t (4% up from February 2023 but 2% down from the peak of 856 EUR/t in December 2023). World sugar prices have also peaked in November 2023. With the expectation of a second highest global production in 2023/24, sugar prices could be under pressure for further but rather limited reductions.

EU and world sugar prices (EUR/t)



Source: DG Agriculture and Rural Development, based on MS notifications.

EU sugar beet area, yield and production



Source: DG Agriculture and Rural Development, based on Eurostat.

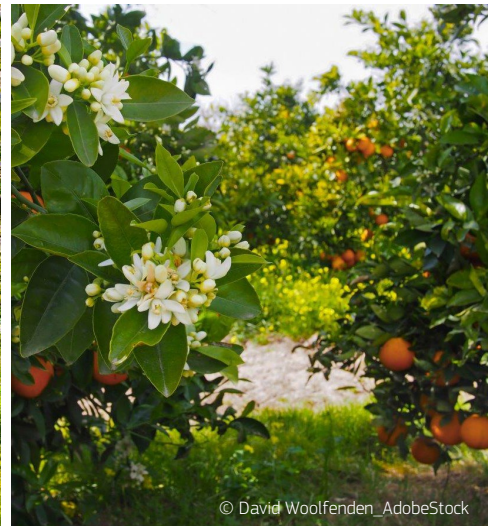
## EU SUGAR CONSUMPTION TO REBOUND IN 2023/24

EU human consumption of sugar is expected to slightly increase in 2023/24, rebounding from a sharp drop experienced in the previous season when increasing prices had a negative impact on consumer demand. Additionally, demand of processed products containing sugar is also expected to decline. Sugar use for bioethanol production in 2023/24 is expected to increase to 0.8 million t, thanks to increased availability. Demand for sugar in other industrial applications is expected to be stable at 1.1 million t.

Nevertheless, sugar use is expected to grow slightly less than sugar availability. 2023/24 EU sugar ending stocks are therefore forecast to increase by 0.2 million to 2.3 million t.

In 2024/25, EU sugar beet area is forecast to grow to 1 495 thousand ha (+2% year-on-year), thanks to favourable market conditions and despite delayed sowing due to wet soils. Sugar beet yields are also expected to be like the ongoing season at 75.7 t/ha, although there is an increased risk of damage from aphids and yellowing disease in some EU countries. As a result, sugar beet production is forecast at 113 million t (+2.3 million t year-on-year).





## KEY MESSAGES

### Olive oil: +7%

Production in 2023/24

### Wine: -5%

Ending stocks in 2023/24

### Apples: -5.5%

Total usable production of apples in 2023/24

### Oranges: +2.6%

Production of oranges for processing in 2023/24

## SPECIALISED CROPS

### HIGHLIGHTS

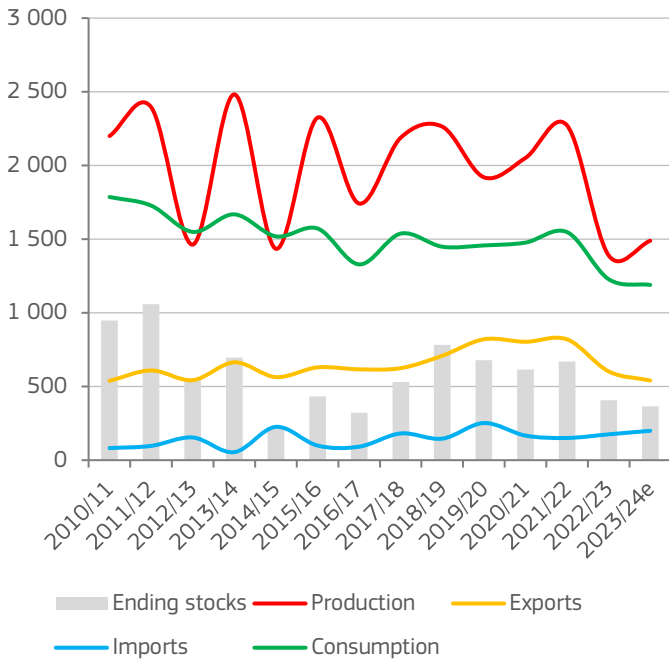
In 2023/24, EU olive oil production is expected to slightly recover from the record low harvest last marketing year. However, availability remains low, which continues supporting high prices. These could further impact negatively both domestic demand (-3%) and exports (-10%). In the case of the EU consumption, it is expected to be the lowest consumption historically (below 1.2 million t).

EU wine production will fall in 2023/24 (by around 9.8% year-on-year), mainly due to decreases in IT and ES driven by adverse climate events. As a result, FR becomes the largest EU producer in the marketing year. EU wine consumption follows its decreasing trend, while other uses grow, supported by crisis distillation. EU wine trade shrinks for both imports and exports, in a context of high availability in the EU and signs of saturation in main trade partners.

2023/24 EU production was negatively impacted by adverse weather conditions both for apples (-5.5% year-on-year) and oranges (-5.4%). Due to poor quality, the share of oranges diverted for processing is forecast to increase. For apples, the production of fresh fruit and for processing is expected to be lower than in 2022/23. Lower availability of fresh apples and oranges, combined with high prices, are expected to negatively affect consumption. EU exports of fresh apple and oranges are forecast to decline sharply. For processed apples, exports are also forecast to decline significantly. Imports of oranges are expected to continue following an increasing trend.

# OLIVE OIL

EU olive oil production, consumption, trade and ending stocks (1000 t)



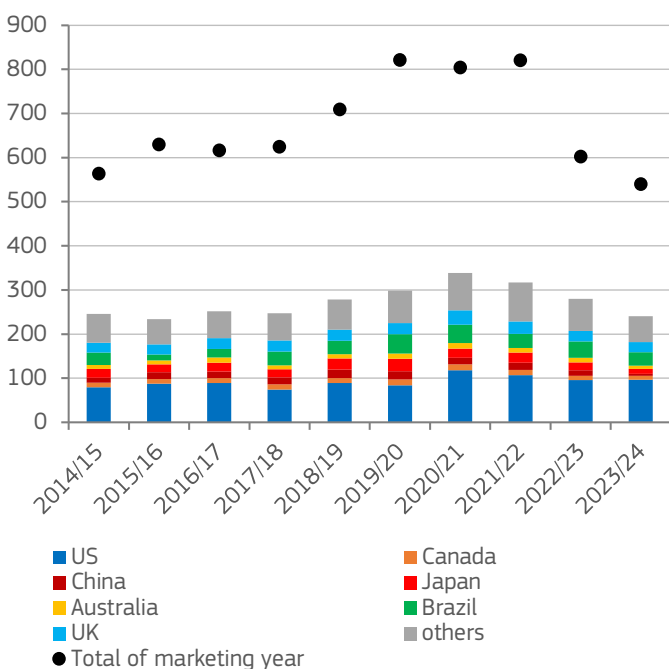
Source: DG Agriculture and Rural Development, based on Eurostat and MS notifications.

## A SMALL PRODUCTION RECOVERY IN 2023/24

In 2023/24, EU olive oil production is expected to recover from a record-low level last marketing year (to 1.5 million t, +7% year-on-year). However, this is still around 28% below the 5-year olympic average. The recovery is mainly due to a 37% increase in IT (being in an on-year bearing cycle), a 27% recovery in ES and a 19% growth in PT (being the second highest in history). On the contrary, developments were negative in EL (-55%) due to adverse weather, in addition to the reported occurrence of pests. Similarly, pest and fungal diseases were lowering further output recovery in other producing countries as well. This limited recovery, combined with below-average beginning stocks (406 000 t), results in an olive oil availability in 2023/24 which is the lowest over the period covered by the short-term outlook (1.9 million t, 28% below the 5-year average).

While the level of beginning stocks might look comfortable, it is mainly due to a reduced demand – both in the EU and globally. High producer, and subsequently consumer prices incentivise a switch to cheaper edible oils or reduce quantities and/or frequency of their olive oil purchases. Based on the latest notifications, prices of all categories stopped increasing over the last weeks, but they remain well above the 5-year average. For example, olive oil producer prices in Jaén for extra virgin, virgin and lampante categories were at the end of March still 2.5-2.7 times above the 5-year average for the same period.

EU exports of olive oil by destinations in Oct-Feb (1000 t)



Note: 2023/24 total is an estimate.

Source: DG Agriculture and Rural Development, based on Eurostat.

## EU AND GLOBAL DEMAND NOT YET RECOVERING

The EU consumption of olive oil dropped by around 20% in the last marketing year. In 2023/24, some additional reduction is likely to occur, as the transmission from producer prices to consumers (especially if more positive harvest developments are confirmed) will take time. Therefore, the consumption in both main producing countries and the rest of the EU could drop by an additional 3%, and so could reach the historical minimum – below 1.2 million t.

At the same time, global demand is also weak. This impacts EU exports, which in Oct-Feb dropped by 14% (in particular to Asian markets such as China and Japan, while they remained stable – but low – to the US). Similarly to domestic consumption, any price changes, which could stimulate demand recovery, will take time before the current trend may change. Therefore, EU exports could decline again in 2023/24, by around 10%. On the other hand, the EU will remain an attractive market for imports, both due to lower domestic availability and higher prices. Therefore, EU imports could grow (+20% in Oct-Feb), and reach around 200 000 t. These could be supplied through traditional partners (Tunisia, Türkiye), with some small volumes coming also from more remote destinations such as Argentina or Chile. As a result of these developments, the ending stocks could reach around 365 000 t in 2023/24.





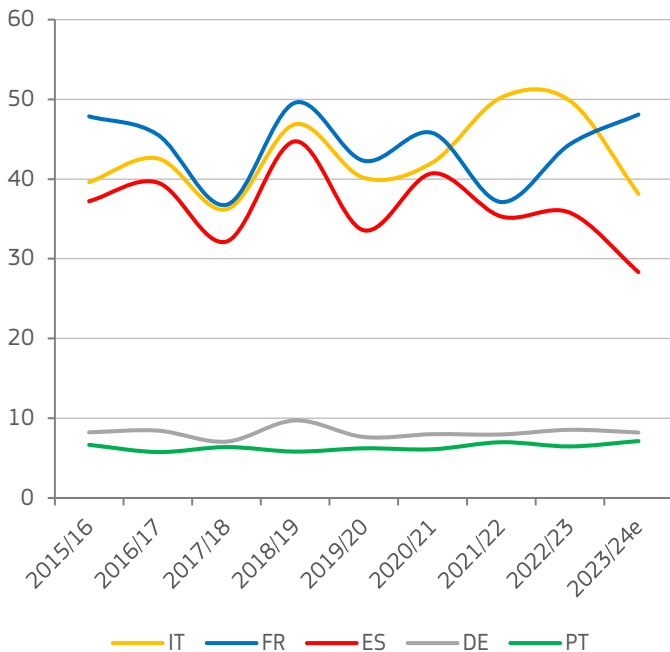
# WINE

## EU WINE PRODUCTION FALLS IN 2023/24

Based on the latest MS notifications, 2023/24 EU wine production is expected to fall further (-10% year-on-year, 8% below the 5-year average), to 143 million hl, the lowest figure since 2017/18. This is due to significant decreases in IT (-23%) and ES (-21%), despite an increase in FR (+8%) and PT (+11%). The unprecedented fall in IT was driven by frequent rains in central and southern Italian regions, and subsequent fungal diseases in the vines. In ES, the drop is due to climate events, mostly to drought and high temperatures in the main producing region Castilla-La Mancha. As a result, FR will become again the largest EU producer. Following a long-term trend, EU wine consumption is expected to slightly decrease (-1.5%) to 96 million hl, particularly for red wines, with younger generations preferring other alcoholic beverages (beers and cocktails), and demanding wines with less alcohol and easier to drink.

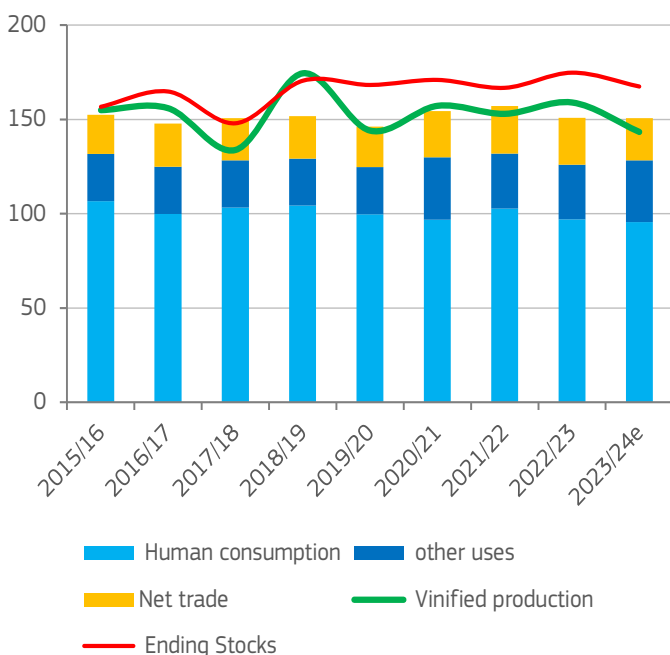
EU wine producer prices have remained stable in nominal terms in the second half of 2023, with different dynamics depending on the country: moderate increases in IT and ES, decreases in FR, in line with the domestic production changes and the decrease in demand. The quantity of wine given 'other uses' will increase after the crisis distillation measures put in place by several EU countries (FR, ES, IT, PT, DE and HU) to around 33 million hl.

EU wine production in main producing countries (million hl)



Source: DG Agriculture and Rural Development, based on MS notifications.

EU wine production, consumption, net trade and ending stocks (million hl)



Source: DG Agriculture and Rural Development, based on Eurostat and MS notifications.

## EU WINE TRADE ON DECREASING TREND

In 2022/23 wine exports fell by 3%, mostly due to a decrease in the exports of PDO wines to the UK and the US. Nevertheless, exports still increased in value (+4%) mostly due to inflation and to a more resilient pattern on the higher price segment, but also to a peak in exports to Russia towards the end of the marketing year.

However, in 2023/24 the volume of exports is expected to fall in volume by around 11% to 28 million hl, and also in value (-8%), as the main EU destination markets show signals of saturation and may be clearing stocks from the high unsold imports of previous years.

In a context of high wine availability and reduced demand in the EU, the decreasing trend of EU imports is likely to continue in 2023/24 (-14%) for a total of 5 million hl.

EU wine ending stocks should be below the average of the last five years (170 million hl) after the distillation measures on red and rosé wines.



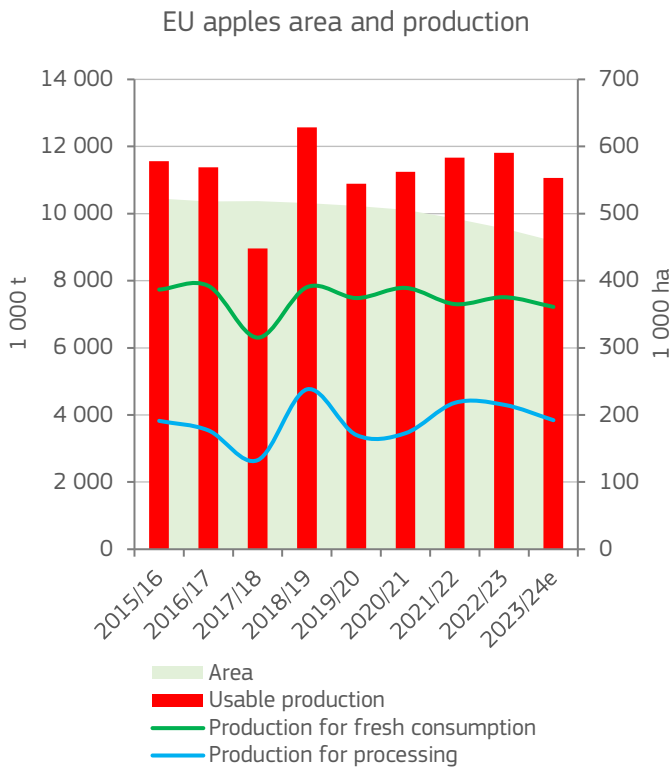
# APPLES

## EU CONSUMPTION OF FRESH APPLES FALLS AS PRODUCTION DECLINES

The 2023/24 EU usable production of apples is expected to decrease by 6.3% to 11.1 million t (3.6% below the 5-year average), driven by a lower harvest in the main EU producing countries (e.g. -12% year-on-year in DE, -10% in FR, -9% in PL), which is the result of an estimated reduction in the area harvested (-4% year-on-year), and unfavourable weather conditions which impacted negatively the yields and quality of the fruit.

In total, 7.1 million t of apples are expected to be used for fresh consumption (-5.7% year-on-year) and 4.1 million t for processing (-5.2%). The share of apples going into processing is expected to be similar to the last marketing year.

Driven by lower availability and persistent inflationary pressures, the EU per capita consumption of fresh apples could decline to 14.3 kg (7% below the last marketing year). For processed apples is expected to remain stable at 8.5 kg. After a significant decline in 2022/23, ending stocks of fresh apples are expected to remain relatively stable at around 0.3 million t (29% below the 5-year average).



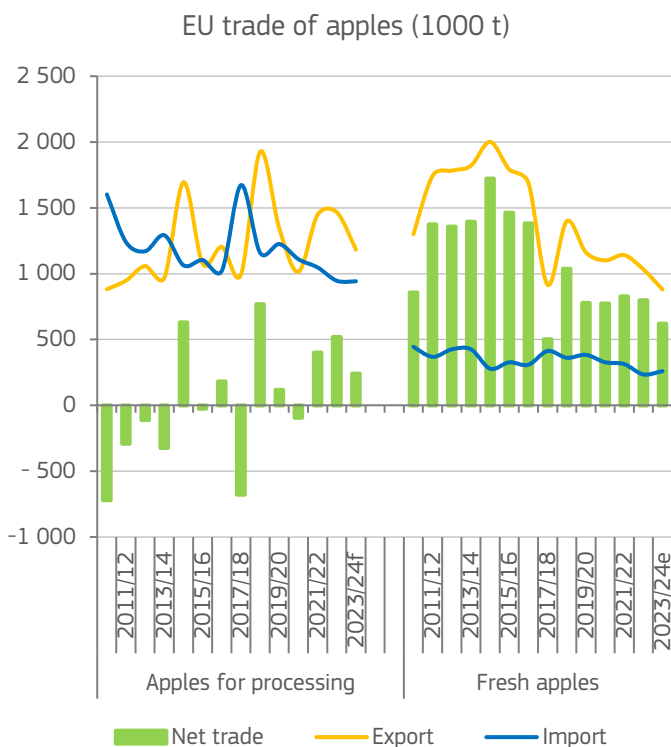
Source: DG Agriculture and Rural Development, based on Eurostat.

## EU NET EXPORTS DECLINE AGAIN AS DOMESTIC PRODUCTION DWINDLES

EU exports of fresh apples are expected to decrease by 15% in 2023/24 (22% below the 5-year average), due to the reduced production. EU imports of fresh apples, however, are expected to increase by 11% year-on-year. Nevertheless, they would remain relatively small (260 000 t) and significantly below the 5-year average (-22%).

In 2023/24, EU exports of processed apples could fall by 19% (17% below the 5-year average). This decrease is mainly driven by the low availability. On the other hand, imports of processed apples are expected to remain stable in 2023/24 (-0.4%), but significantly below the 5-year average (-15%).

As a result, EU net exports of fresh apples are expected to decline to the lowest level since 2017/18, to 620 000 t. Net exports of processed apples are also expected to decline to the lowest level since 2019/20 to 240 000 t.



Source: DG Agriculture and Rural Development, based on Eurostat.

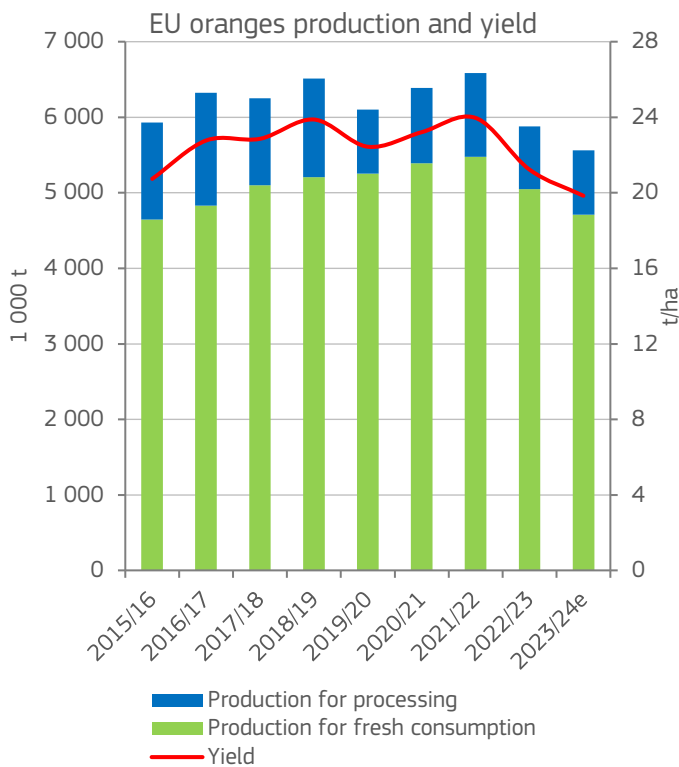


# ORANGES

## 2023/24 PRODUCTION ESTIMATE DECLINES FURTHER

Total EU orange production in 2023/24 is expected to be the lowest in last ten years. It could fall by 5.4% year-on-year (to 5.6 million t), more than expected in the previous short-term outlook. This is due to the production decline in ES, the largest EU orange producing country, mainly due to climatic factors, such as aridity, impacting also quality. On the other hand, the production is expected to grow in IT. Overall, the drop in the EU production can be attributed to lower yields (14% below the 5-year average and 6.5% below the last marketing year). On the other hand, the EU cultivated area of oranges in 2023/24 is 2% above the 5-year average (+1.2% year-on-year). These changes are mainly attributable to increases in IT and EL.

As the total EU orange production has declined, this led to lower availability, both for fresh consumption and processing. Nevertheless, the production of oranges for processing increased (+2.6% year-on-year), assuming that also some lower-quality fruit was channelled into processing. However, it remains low compared to the 5-year average (-13%).

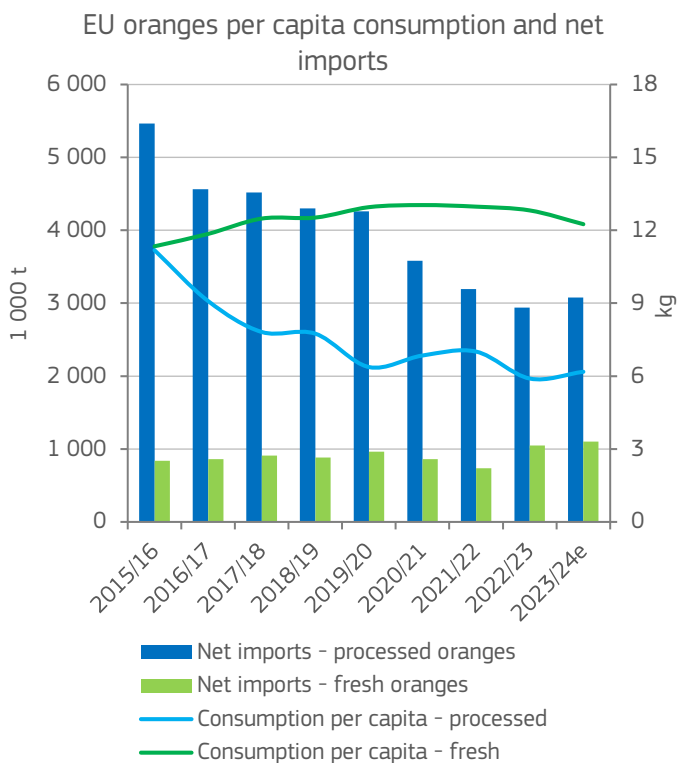


Source: DG Agriculture and Rural Development, based on Eurostat

## IMPORTS INCREASE DUE TO INCREASING PRODUCTION OUTSIDE THE EU

As a result of lower EU production of fresh oranges (-6.7% year-on-year), and ongoing inflationary pressures in fruit prices, the EU per capita consumption of fresh oranges is expected to drop to 12.2 kg in 2023/24 (-4.4% year-on-year). The increasing trend of EU imports is expected to continue, fuelled by EU production reduction. In particular, EU imports of fresh oranges are expected to grow by 5.1% year-on-year (driven by an increasing availability outside the EU), on the top of a significant increase recorded last marketing year (+42.5%). On the other hand, the reduction of EU production could lead to lower EU exports, (-18% year-on-year) a trend observed already last year. Compared to the 5-year average, EU exports in 2023/24 are expected to be 32% lower. This is due to the reduction of the EU production, but also to increasing competition from countries outside the EU.

Regarding processed oranges, EU per capita consumption is due to increase by 4.7%, putting a halt to the downward trend observed in recent years. EU exports of processed oranges could also increase (+1.8% year-on-year) and so slightly recover but they would remain low compared to the 5-year average (-29%). EU imports could increase moderately by 4.8% to cater to a rise in demand.



Source: DG Agriculture and Rural Development, based on Eurostat





## KEY MESSAGES

**+0.4%**

Cow milk production in 2024

**+2.5%**

Cheese exports in 2024

**+1%**

SMP exports in 2024

**+1.5%**

Butter exports in 2024

## MILK AND DAIRY PRODUCTS

### HIGHLIGHTS

Following a downward correction in the first half of 2023, EU raw milk prices increased in Q3 2023 and became stable in the first months of 2024. EU milk deliveries remained rather stable in 2023, which, combined with improved fat and protein content, provided a steady supply for the dairy industry. Weather conditions have been more favourable than in the challenging 2022 and feed costs decreased, supporting an increase of EU milk yields (+1.8%) even if the dairy herd declined further (-1.7%).

While global demand for dairy products is still relatively tight, EU exports recovered and increased especially for skim and whole milk powders, but also for whey, cheese and butter. In 2024, EU cheese and whey production is likely to continue benefitting from higher milk solids availability and competitive prices, which could translate into a further increase of their EU exports (+2.5% and +2.5%, respectively). On the other hand, a further increase in EU milk powder exports is unlikely, because of the limited further growth potential of the North African and Middle East markets (which drove the exports' growth in 2023), while global competition could also increase.

Despite the continuously decreasing dairy cow herd (-0.5%), EU milk supply is forecast to remain relatively stable also in 2024 (+0.4%). Stabilizing input and output prices could improve margins for dairy farmers in 2024, while EU dairy consumption could benefit from somewhat easing food inflation and remain stable overall.

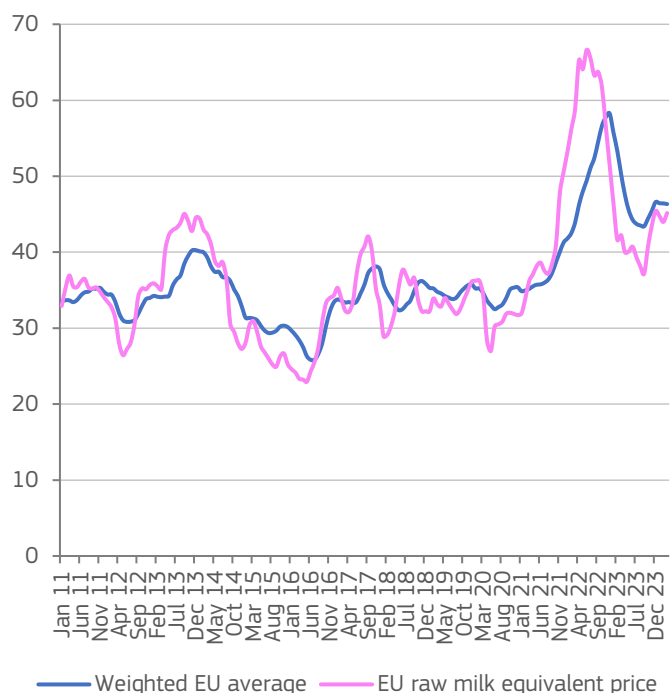
# MILK

## EU RAW MILK PRICES STABILIZING IN 2024

After having reached historically high levels in 2022, EU raw milk prices strongly declined in the first half of 2023. The price fall slowed down in summer, and prices finally set to an increasing path in Q4 2023. EU raw milk average prices dropped by September at 25% below the peak of December 2022 (still at a level 11% above the 5-year average). At the beginning of 2024, EU raw milk prices increased and stabilized at a level (above 46 c/kg) still significantly above historical references (+15% compared to the 5-year average).

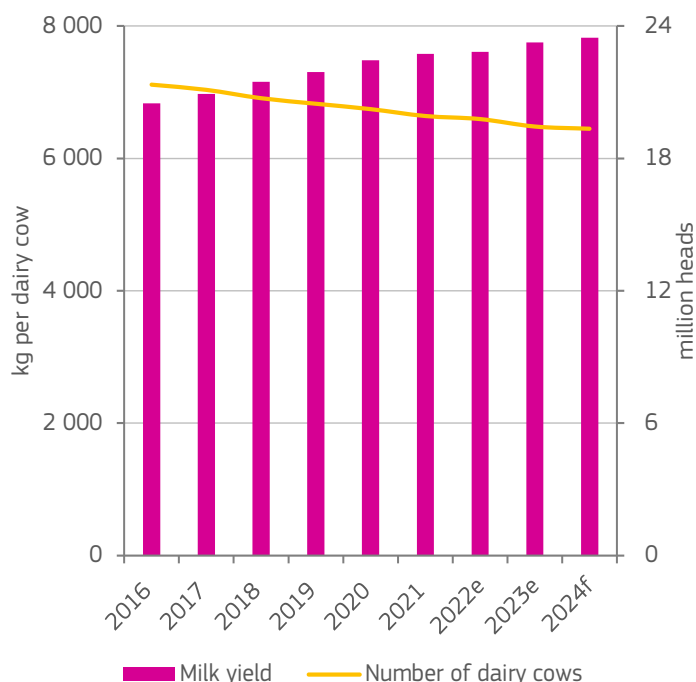
In parallel, energy and fertilizer prices decreased in 2023 and stabilized at a level well above average prices of the past decade. Except for the negative consequences of heavy rains in some EU countries (e.g. pasture conditions became exceptionally difficult in IE early 2024), weather conditions for feed production and grazing look favourable at the moment. Overall, stabilizing input and output prices could ease margins for dairy farmers in 2024.

EU monthly cow's raw milk price (EUR/100kg)



Source: DG Agriculture and Rural Development, based on MS notifications.

EU dairy herd and milk yield



Source: DG Agriculture and Rural Development, based on Eurostat.

## FLAT MILK SUPPLY AGAIN IN 2024

EU milk deliveries remained stable in 2023 (+0.3% year-on-year), despite declining, but still relatively high, EU raw milk prices in the first three quarters of the year. Behind this stability, changes in raw milk supply remained very heterogenous across EU countries. In some countries, raw milk deliveries declined (e.g. IE, FR, IT). In others, deliveries increased (e.g. BE, DE, PL), illustrating the impact of other drivers than raw milk prices (weather impacts, structural changes, etc.).

In 2023, the EU dairy herd continued its long-term declining trend (-1.7% for the EU, with e.g. DE and FR above this average decline). On the other hand, favourable weather conditions and the correspondingly better feed availability and quality contributed to an increase both in milk yields (+1.8%) and in milk solids. Overall, the availability of milk solids increased more relatively than EU raw milk supply (+0.7% for milk fat and +0.6% for milk protein).

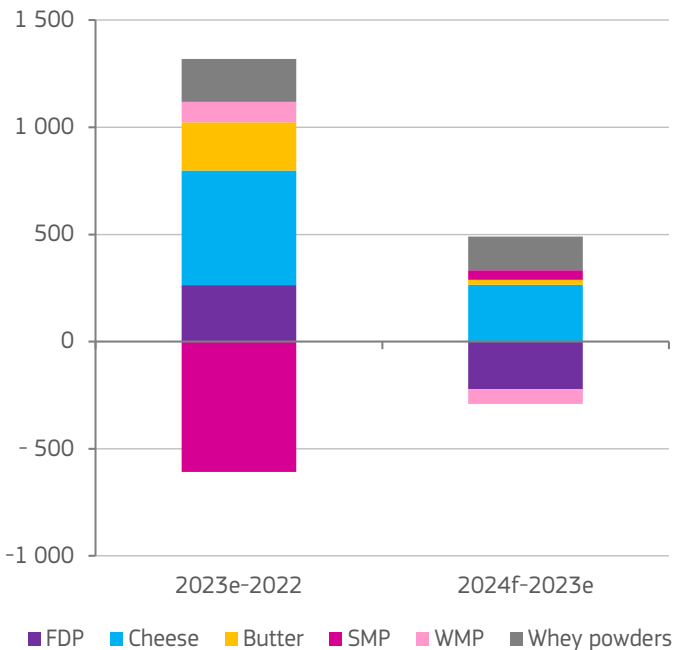
In 2024, under an assumption of normal weather conditions and raw milk prices still above historical levels, the increasing trend in EU milk yields (+0.9%) is assumed to counterbalance the decrease in the number of cows (-0.5%), leading to a slight increase in milk supply (+0.4%, including the increase due to the extra leap day).



# DAIRY PRODUCTS

## CHEESE AND WHEY CONTINUE BENEFITTING FROM INCREASED MILK SOLIDS AVAILABILITY

Annual change in EU production of selected dairy products (1000 t of milk eq.)



Source: DG Agriculture and Rural Development, based on Eurostat.

EU cheese production remained the preferred option in milk processing again in 2023 (+1.4%), benefitting from a somewhat higher milk fat availability. With competitive prices, EU cheese exports grew considerably (+3.6% in volume), with an export value of more than 8.13 billion EUR (+5.3%). On the other hand, cheese imports (mostly high-value premium cheeses) were more impacted by the inflationary pressures and decreased by 6.9%, decreasing for the two main EU partners: the UK and Switzerland (-5% and -4% respectively). Assuming stable EU milk deliveries, EU cheese production could further increase (+0.7%) in 2024. EU cheese exports could also further grow, although, at a slower pace (+2.5%) due to slow demand recovery in some important importing markets. Domestic use of cheese can also increase somewhat (+0.4%) due to the easing of food inflation prospects and lowered processing costs (e.g. declining energy costs).

EU whey production continued the increasing trend of the last few years in 2023 (+1.2%). This increase was supported by EU exports (+4.2%), while EU domestic use declined (-0.3%). In 2024, the stable EU milk pool could still allow for an increase in production (+0.9%), driven again by increasing EU exports (+2.5%) while domestic use will likely remain stable.



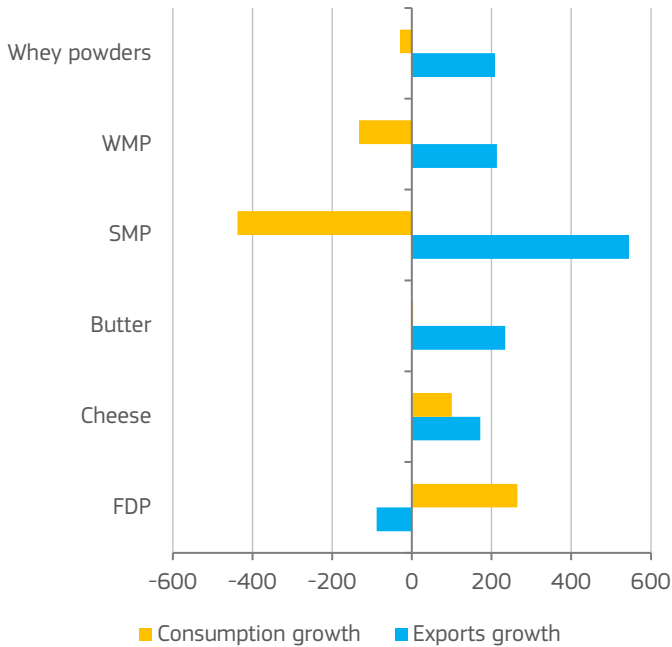
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# DAIRY PRODUCTS

## EU SKIMMED AND WHOLE MILK POWDER EXPORTS TO SLOW DOWN IN 2024

Annual changes of EU export and consumption in 2023e (1000 t of milk eq.)

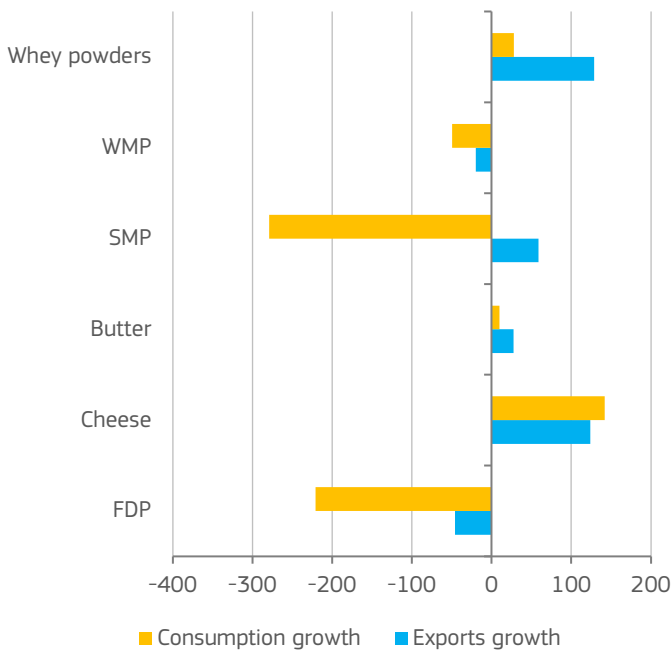


Source: DG Agriculture and Rural Development, based on Eurostat.

Although EU SMP production decreased considerably in 2023 (-5.4%), exports recovered after the drop of the previous years and increased by 10%. This strong increase was mainly due to higher demand in Algeria and other countries in North Africa, Asia and the Middle East. At the same time, domestic use decreased (-7.7%), including processing e.g. for fat-filled powders. EU WMP exports recovered (+12%) in 2023 due mainly to a four-fold increase of EU exports to Algeria. On the other hand, demand from China remained weak, and the competition with New Zealand on other export markets increased. Due to these difficulties, WMP exports are unlikely to repeat the increase of 2023 and could rather decrease in 2024 (-1%).

In 2024, the production of SMP could remain stable, while exports could increase, but at a much lower rate (+1%). The price development and processing use of milk powders could also be affected by the current surge in cocoa prices, as powders are important ingredients used for the production of chocolate and related confectionary. Therefore, SMP domestic use in 2024 could decline at a similar rate as in 2023 (-5.3%), and WMP domestic use could also decrease (-2% compared to -5% in 2023).

Annual change of EU exports and consumption in 2024f (1000 t of milk eq.)



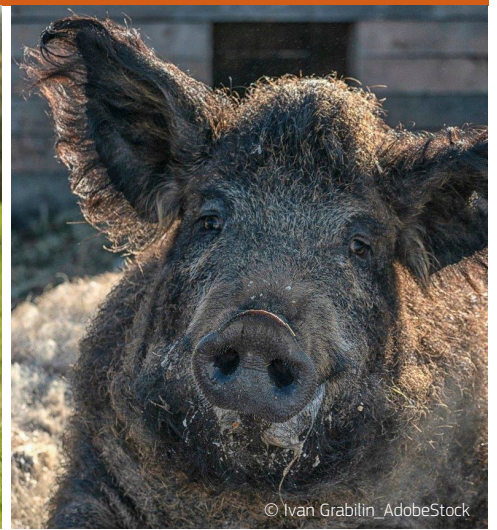
Source: DG Agriculture and Rural Development, based on Eurostat.

## EU BUTTER EXPORTS TO FURTHER INCREASE

EU butter production increased in 2023 by around 1.5%, as EU prices became more competitive (also relative to other fats), and processing demand remained strong (e.g. in bakery). EU exports increased to all main export destinations (+15%), and the export value achieved a record of 1.61 billion EUR. Sustaining a similar pace is unlikely in 2024, but growth of EU butter exports could remain positive (+1.5%), assuming competitive EU export prices. At the same time, EU domestic use is likely to remain strong but stable (+0.1%).

The production of fresh dairy products increased beyond expectations in 2023, especially for cream (+1.5%) but also for drinking milk (+0.3%). EU exports continued to decline (-5.5%) due to decreasing demand in China, shifting extra volumes to the EU domestic market, and thus also supporting the increase in EU domestic use (+0.8%). In 2024, EU consumption will likely return to the declining trend of the last few years, and EU exports could decline further due to persistently weak global demand. To respond to these negative demand drivers, EU production of fresh dairy products could decrease to a level comparable to 2022 (-0.8%). Among the fresh dairy products, cream and yoghurt production could still increase, supported by strong domestic demand, while drinking milk production is likely to decline.





## KEY MESSAGES

**-2.8%**

Per capita beef consumption in 2024

**+1.6%**

Increasing sow herd according to Livestock Survey 2023

**+1.7%**

Increase of poultry production in 2024

**-4.9%**

Continuing decline in sheep slaughterings in 2024

## MEAT PRODUCTS

### HIGHLIGHTS

EU beef production is expected to decrease further in 2024, by -2.3%, mainly due to a continuing structural adjustment in the beef and dairy sector. EU imports could go up, mainly due to increasing imports from Brazil. Despite high domestic prices, EU exports continue to perform very well, also thanks to re-opening of some markets, leading to a drop in EU per capita beef consumption of -2.8%

A slightly bigger sow herd (+1.6%) could indicate first signs of a recovery in the sector. Nevertheless, EU pigmeat production could go down slightly by -0.4% in 2024. Lower demand from China and other destinations could slow down EU exports by 4% in 2024, making more produce available for the domestic market.

EU poultry production could benefit from a 1.7% growth in 2024 thanks to rather good market prospects, both on the supply and demand side. On the other hand, EU poultry prices make its exports less competitive compared to Brazil, Ukraine and Thailand. Uncertainty around HPAI incidence in Europe and the Americas continue.

The historically low EU sheep flock pushes slaughterings down by -4.9% in 2024. Sustained demand and high domestic prices keep imports high (+2.5% in 2024), while meat exports decline further by 2% due to a lack of competitiveness.



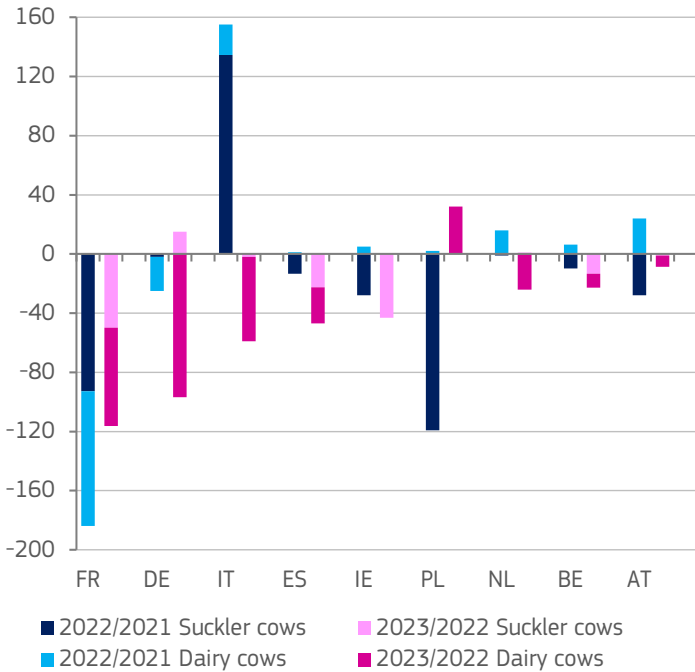
# BEEF AND VEAL

## EU BEEF PRODUCTION CONTINUES DECLINING

EU beef production decreased in 2023 by 3.9% which supported high prices. At the same time, the average carcass weight decreased by -0.6%. Among the largest producing countries, IT declined the most (-17% or -127 000 t), due mostly to a shortage of imported live animals, followed by FR (-4.4% or -60 000 t) and PL (-4.8% or -26 000 t). While ES and IE still recorded an increase in 2022, they also turned to a declining path in 2023 (-5% and -3.5% respectively). In the December 2023 livestock survey, the number of suckler cows in the EU declined for the fourth year in a row, by additional 160 000 heads (-1.6%). Dairy cows recorded a decline of -344 000 heads (-1.7%). The number of male bovine cattle for slaughtering between 1 and 2 years, and above 2 years also decreased by -0.4% and -1.2% respectively. These figures are expected to have an impact on beef availability in the coming period. Therefore, EU beef production in 2024 is expected to decrease further by 2.3%. This lower beef supply could continue supporting EU beef producer prices.

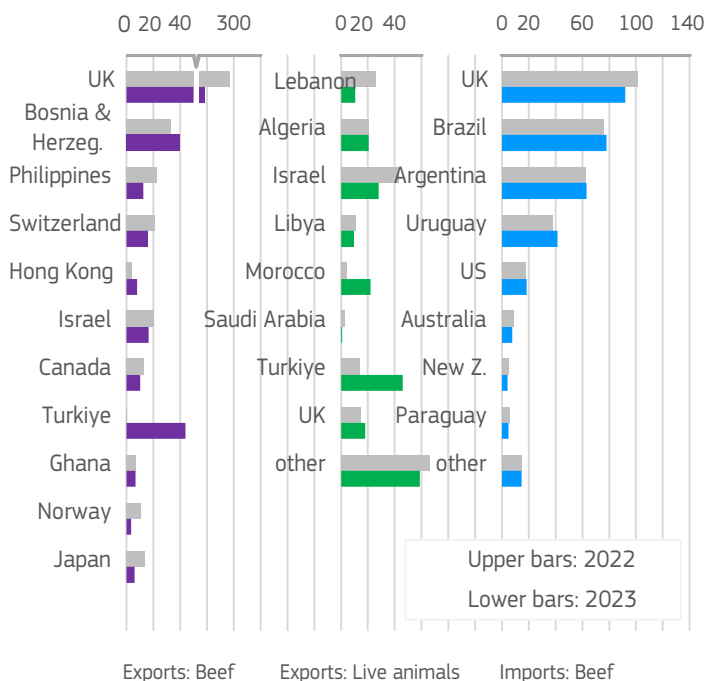
Despite high EU prices, EU imports were not covering the decrease in production. As a result, EU per capita beef consumption in 2023 dropped to 9.7 kg (-4.7% year-on-year). As the market situation in 2024 looks quite similar, the expectation is that the drop in consumption could continue by 2.8%.

Change in number of cows in main EU producing countries (1 000 heads)



Source: DG Agriculture and Rural Development, based on Eurostat.

EU beef trade (1 000 t carcass weight)



Source: DG Agriculture and Rural Development, based on Eurostat.

## LOWER EU COMPETITIVENESS SUSTAINED

The relatively high domestic prices have a negative impact on EU competitiveness. Nevertheless, EU beef exports even increased in 2023. The decline in exports of live animals to certain Mediterranean destinations was compensated by the re-opening of the Turkish and the Moroccan markets, leading to an increase of 7.4% in 2023. As the monthly number of animals shipped to Türkiye was lower in S2 2023 than in S1 2023, and in view of the current relative shortage of live animals on the EU market, a small decline of exports (-1%) is foreseen in 2024. Despite high prices, meat exports stayed firm and increased slightly by 1%, thanks to the opening of the Turkish market to beef imports in March 2023. Meat demand from the UK recorded a slight decrease of -1%.

On the other hand, the EU market remains attractive for imports. However, and contrary to expectations, EU beef imports declined by 1.1% in 2023. This is mainly due to substantially reduced shipments from the UK (-20%) driven by lower slaughterings. This drop from the EU's main partner is not compensated by increased imports from Brazil and Argentina, who find rewarding markets in other parts of the world, especially the US and China. In 2024, Brazil might have the potential to increase exports to the EU. Therefore, EU imports could grow by 2%. Uncertainty around the El Niño effect in Australia could quickly change this picture.



# PIGMEAT

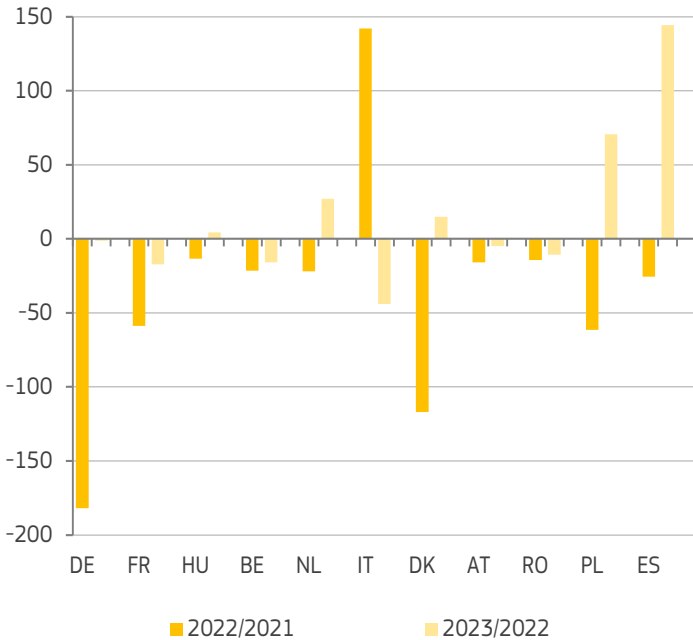
## PRODUCTION DECLINE IN ALL EU COUNTRIES

In 2023, EU pigmeat production decreased by 6.6%. Except for BG, all other EU countries recorded a decline. The highest declines were registered in DK (-19.9%, -321 000 t), DE (-6.8%, -307 000 t), NL (-13%, -220 000 t) and ES (-4.2%, -214 000 t). Easing feed prices resulted in slightly higher carcass weights (+0.7%).

On the other hand, the December 2023 livestock survey shows that the number of breeding sows increased again by 170 000 heads. This might indicate a start of recovery, after three years of significant decreases. The increasing number hides huge differences between EU countries though. Also, the number of piglets were showing an increase. On the downside, the current stock of fattening pigs is below last year's figure and is expected to have a negative effect only in S1 2024.

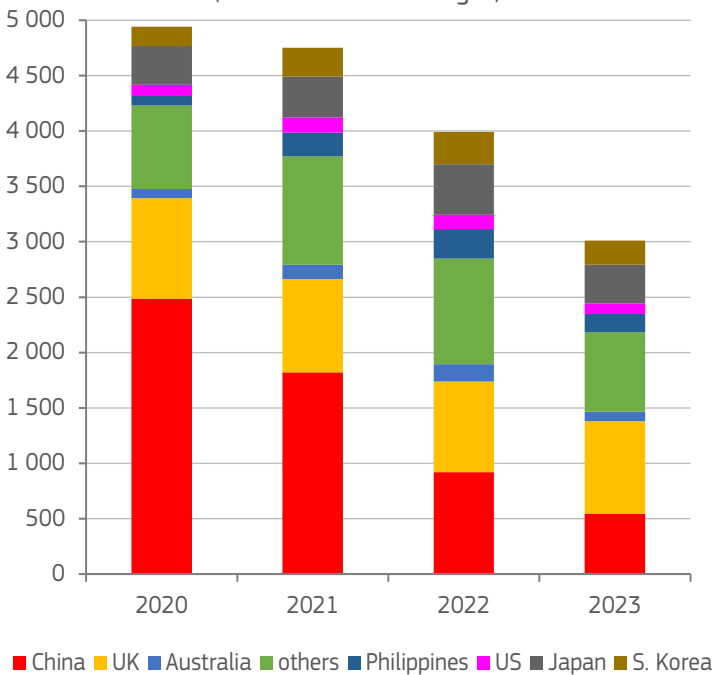
In 2024, the situation of ASF is assumed not to change dramatically. In contrast, feed prices might pick up again, depending on the outcome of the upcoming harvest besides others. Overall, EU pigmeat production in 2024 is expected to decline marginally by 0.4%. At the same time, EU demand stays firm. Given reduced supply and high prices, EU per capita consumption is expected to stay relatively stable in 2024.

Change in number of breeding sows in main EU producing countries (1 000 heads)



Source: DG Agriculture and Rural Development, based on Eurostat.

EU pigmeat exports by main partners (1 000 t carcass weight)



Source: DG Agriculture and Rural Development, based on Eurostat

## EU PRICES COULD CHALLENGE EU EXPORTS

Less competitive EU pigmeat prices challenge the performance of EU exports. In 2023, EU exports recorded a decline of -24.6% or almost 1 million t. At the same time, pigmeat production in China is recovering and so their imports are being reduced. Besides, the EU lost exports both to high-value markets (US, Japan, Australia) and low-value ones (Philippines and Angola) due to strong price competition from the US and Brazil. Only the UK market showed a slight positive development (+1.4%). The Chinese pigmeat market suffers currently from a (short-term) oversupply. In addition, if EU prices remain high, EU exports might decline even further by 4% in 2024.

EU pigmeat imports from the UK decreased by 25% in 2023. The main reason behind was a decline in UK production. The UK represents more than ¾ of EU imports and no replacement from other origins is expected in the short term. EU pigmeat imports could remain low in 2024 and decline further by 2%.

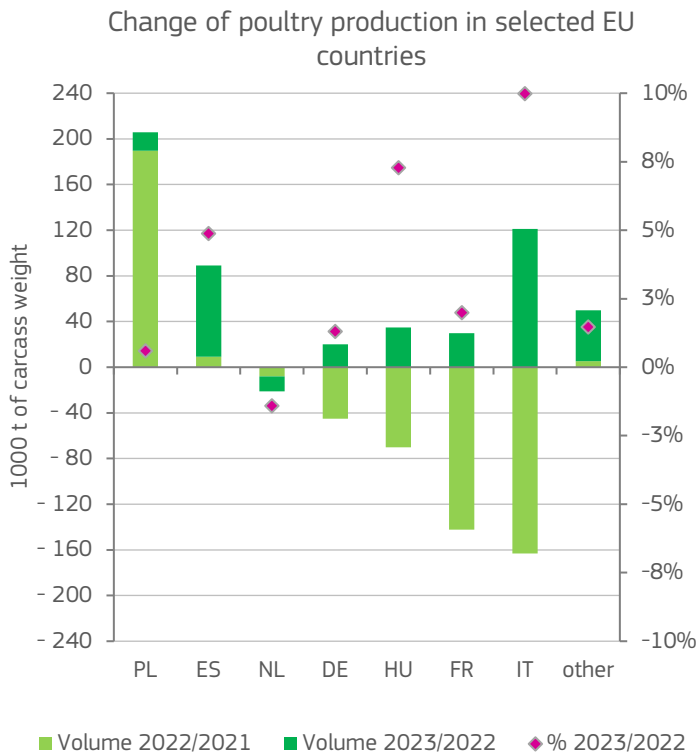


# POULTRY

## ONGOING RECOVERY OF EU POULTRY PRODUCTION

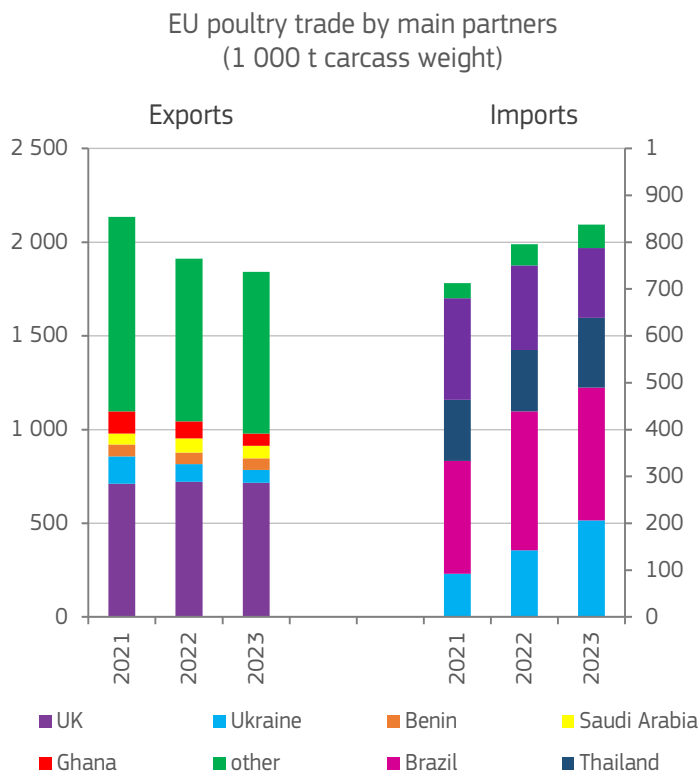
Despite outbreaks of HPAI, EU poultry production showed a quick recovery in 2023 after two years of decline (+2.3% or 307 000 t). This was supported by more favourable prices. Major increases were recorded in IT (+121 000 t or +10%) and ES (+80 000 t or +3%), while NL showed a setback of -1.7% (-15 000 t). Other EU producing countries showed growth rates closer to the EU average. At this moment, feed prices are relatively low but they are expected to have reached the bottom. Despite higher broiler prices, poultry still enjoys rather good demand, and this could push EU poultry production upwards by an additional 1.7% in 2024.

EU per capita consumption increased by 3% in 2023. This was mainly driven by higher domestic availability, both through EU production and trade, as well as by lower prices compared to other animal protein sources. This increasing path is expected to continue in 2024 and so the per capita consumption of poultry could grow by an additional 2%, while the consumption of other meats stays stable or declines.



Source: DG Agriculture and Rural Development, based on Eurostat.

## LOWER COMPETITIVENESS OF EU EXPORTS CONTINUES



Source: DG Agriculture and Rural Development, based on Eurostat.

In 2023, EU total imports grew by 5.3% (+42 000 t). Imports from Ukraine increased by 45% (+64 000 t) and from Thailand by 13% (+17 000 t). Shipments from Brazil had a strong start in 2023 but slowed down in S2 2023. Annually, they declined by 4.4%. As the market situation in the UK is assumed to stay similar to 2023, no change in import levels is expected. On the other hand, imports from Brazil might come back at a higher level. Therefore, EU imports in 2024 could increase by 3%, considering that prices in other markets (e.g. the UK) make them also attractive as export destination. Uncertainty about outbreaks of HPAI in commercial farms in Brazil could impact these developments significantly.

Due to lower EU competitiveness, HPAI outbreaks, and the war in Ukraine, EU exports in 2023 declined by 3.7%, masking large positive and negative changes in different destinations. Among the declining markets were Angola (-18 000 t or -44%) and Ukraine (-24 500 t or -26%), while Viet Nam (+16 500 t or +66%) and Congo (+12 000 t or +34%) recorded significant improvements. If domestic prices stay at similar levels, EU exports in 2024 could decline further by -1%. At this moment, it is also still unclear what would be the impact of the introduction of UK border fees and phased-in control checks as of 30 April this year on EU exports to the UK.



# SHEEP/GOAT MEAT

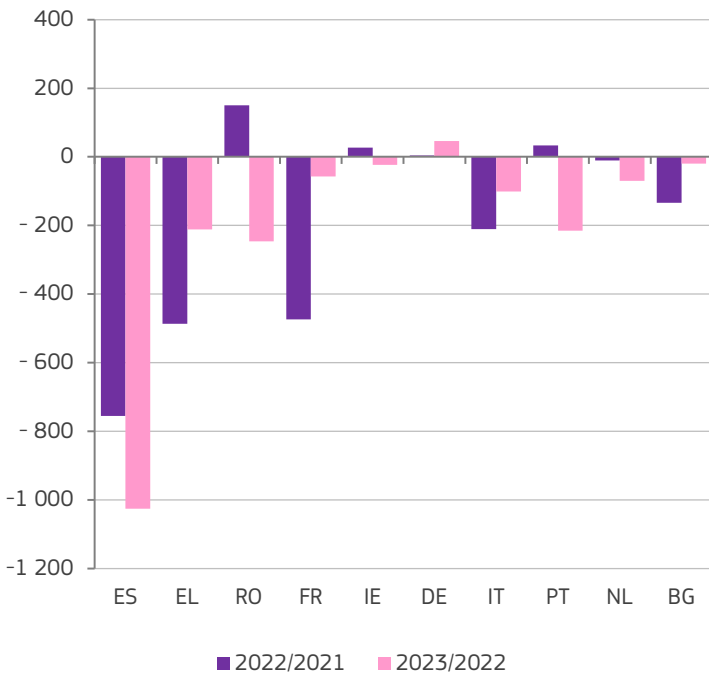
## EU FLOCK CONTINUES DECREASING

According to the December 2023 livestock survey, the EU sheep and goat flock declined by 1.9 million heads (-2.6%), as was also the case last year. The biggest decline was recorded in ES (-1 million heads or -6.1%), while other EU countries showed smaller changes. Since 2019, the EU herd declined by around 6 million heads. Also, the number of ewes put to the ram declined by 1.4 million heads or -3%. Despite favourable prices, the reduction of the flock is still ongoing.

In 2023, the production of sheep and goat meat decreased by 5% (-30 000 t), and 2024 is expected to experience a similar decline (-4.9%). The largest reductions were recorded in ES (-14 600 t), FR (-6 800 t) and EL (-5 000 t).

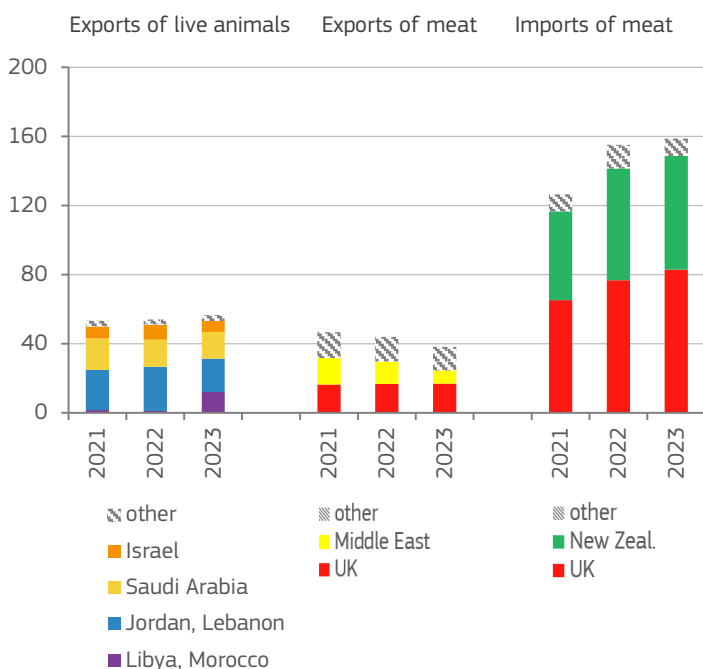
EU per capita consumption of sheep meat went down by 3.3% in 2023. In 2024, consumption is again likely to suffer from low availability and pressures from higher prices. Therefore, the EU per capita consumption could go further down by 3.5% in 2024, despite its specific positioning within consumer baskets (religious festivities, cultural).

Change in herd size in main producing EU countries (1000 heads)



Source: DG Agriculture and Rural Development, based on Eurostat.

EU sheepmeat trade by main partners (1 000 t)



Source: DG Agriculture and Rural Development, based on Eurostat.

## EU EXPORTS KEEP UP DESPITE HIGH PRICES

While EU sheep meat exports to the UK stayed relatively stable in 2023, shipments to the Middle East, e.g. Oman and Qatar, declined. These developments resulted in an overall export decline of almost 13% in 2023. This is mainly due to a relatively low availability and high prices in the EU, which makes the EU less competitive, and more production remains on the domestic market. As this situation is not expected to change in the short term, EU meat exports are kept at their current low level and are expected to decrease even further by 2%.

EU exports of live animals increased by 5% in 2023, despite high domestic prices. The resurrection of exports to Libya and Morocco largely compensated decreases to Jordan and Israel. Exports of live animals are set to slightly grow by 2% in 2024, coming closer to pre-COVID levels, if the Libyan and Moroccan demand stays firm.

EU imports of sheep meat increased by 2.2% in 2023, coming from the UK and New Zealand. If the global tightness of supply and Asian demand stay like last year, EU imports could increase by an additional 2.5%, thanks to attractive pricing. Uncertainties in the Red Sea, the Black Sea and the Middle East might continue adding concerns for sheep trade flows.



# METHODOLOGY

This outlook considers the most recent macroeconomic information and the domestic and international market developments and expectations. Data is subject to retrospective review.

## DATA SOURCES

- European Central Bank staff macroeconomic projections for the euro area<sup>1</sup>
- S&P Global
  - DataInsight database
  - Commodity Price Watch
- World Bank, Commodity Markets<sup>2</sup>
- Drewry<sup>3</sup> world container index, cited by Statista<sup>4</sup>
- Baltic dry index,<sup>5</sup> cited by Statista<sup>6</sup>
- Eurostat
  - Agricultural production yearly for historical data and monthly data for previous and current year for meat and dairy production
  - Farm livestock survey
  - Gross Indigenous Production (GIP) forecast for meat
  - Early estimates for crop products
  - Harmonised Index of Consumer Prices (HICP)
- Comext database (extra and intra-EU trade statistics)

Due to some inconsistencies in intra-EU trade reporting, intra-trade is based on export figures only, i.e. imports of France are calculated as extra-EU imports plus exports of EU partners to France. This except for the UK that remains partially in the intra-EU trade reporting (Northern Ireland), even though it is not part anymore of the EU since February 2020 and therefore included in extra-EU trade figures. For trade with the UK, only the

declaration of the Member States (MS) is considered, both imports and exports.

- Global Trade Atlas (GTA, global trade statistics, including UK trade).
- Weekly commodity prices communicated to DG Agriculture and Rural Development by the MS.

Macroeconomic forecast is based on sources provided by the European Central Bank, with additional insights from S&P Global.

Production forecast for current and next year is based, depending on the sector, on Eurostat monthly data, official estimates of ministries, national statistical institutes, national or European organisations, MS notifications to DG Agriculture and Rural Development and on the Crop Monitoring and Yield Forecasting projections (JRC MARS AGRI4CAST<sup>7</sup>) in the case of cereals; on expert forecasts for Gross Indigenous Production (in heads) sent by MS to Eurostat in the case of meat; on monthly milk deliveries for dairy. The estimated and forecast external trade figures are derived from the latest monthly data available by applying trends and annual profiles as well as from trade licences and import quotas, when applicable.

As Brexit took place on 31 January 2020, market outlooks reflect the current EU-27 composition for the whole reporting period. This is valid for all markets except sugar for which EU-27 balance sheets are produced only from 2019/2020 not to disclose confidential information on UK sugar stocks.

Trade forecast is based on latest data available until 15th of the month preceding the publication date.

Although the UK is considered a third country partner of the EU since January 2021, EU countries continue reporting trade flows to/from the Northern Ireland in INTRASTAT database while flows to/from Great Britain are reported in the database for extra-EU partners. However, the UK figures are consolidated with a delay to reflect reporting for Northern Ireland (70 days instead of 45).

Because of this delay in EU trade data completeness, the period covered by trade data might differ from the period for which monthly production data is available (usually 45 days after the end of month, depending on the source). However, some individual data for other extra-EU partners might already be available as described above.

Price transmission along the food chain: main data source for individual indices is Eurostat (Food price monitoring tool). However, EU farmer price indices are not available before January 2015. Before this date, the monthly change is

<sup>1</sup> [https://www.ecb.europa.eu/pub/projections/html/ecb.projections202306\\_eurosy-stemstaff~6625228e9f.en.html#toc6](https://www.ecb.europa.eu/pub/projections/html/ecb.projections202306_eurosy-stemstaff~6625228e9f.en.html#toc6)

<sup>2</sup> <https://www.worldbank.org/en/research/commodity-markets>

<sup>3</sup> Drewry World Container Index reports actual spot container freight rates for major East West trade routes. The Index consists of 8 route-specific indices representing individual shipping routes and a composite index. All indices are reported in USD per 40ft Container.. <https://www.drewry.co.uk/>

<sup>4</sup> <https://www.statista.com/statistics/1250636/global-container-freight-index/>

<sup>5</sup> The Baltic Dry Index is reported daily by the Baltic Exchange in London. The index provides a benchmark for the price of moving the major raw materials by sea.

<https://balticexchange.com/en/data-services/market-information0/dry-services.html>

<sup>6</sup> <https://www.statista.com/statistics/1035941/baltic-dry-index/>

<sup>7</sup> <http://mars.jrc.ec.europa.eu/mars/About-us/AGRI4CAST/Crop-Monitoring-and-Yield-Forecasting>

estimated based on MS data weighted by their share in the agricultural output. Latest Eurostat monthly indices for EU farmer prices are available in September 2023. Since this date, the index is estimated based on cereals, sugar, milk, meat, tomatoes and apples monthly prices weighted by annual production (updated by the latest edition of short-term outlook: [https://agriculture.ec.europa.eu/data-and-analysis/markets/outlook/short-term\\_en](https://agriculture.ec.europa.eu/data-and-analysis/markets/outlook/short-term_en)).

## ARABLE CROPS

Figures for the marketing year 2023/24 are based on a forecast that considers the latest developments, and average trends observed in past. These average trends are removing strong year-on-year variations that could have happened due to extreme market and weather events.

### Crop areas

For MS in which data is not yet available, a percentage variation is estimated based on those MS which communicated data or area is estimated through the olympic average of the last five marketing years or assuming no changes compared to the previous year.

### Yields

MS estimates or AGRI4CAST projections are used if available. If these data are not available, preferably the yield trend over the 12 last years is retained, otherwise the olympic average of the last five marketing years is used.

### Trade

Cereal trade figures include cereals as such, plus flour and groats (in cereal equivalent). In the former editions of the short-term outlook, maize trade included additional processed products. This has been revised backward and the balance is closed via an adjustment of the processing demand.

### Balance sheets

They are based on a marketing year starting with the harvest: July/June for cereals and Oct/Sept for sugar. Thus, area, yield and production figures of crops refer to the year of harvest.

### Cereals

Human consumption, seed use and other industrial use is based on historic relations regarding population and planted area in the relevant marketing year. Feed use is based on calculations. Forecast is based on information about the ethanol production development. Stocks are closing the balance for cereals<sup>8</sup>. Intervention stocks equal official figures of the Directorate-General for Agriculture and Rural Development for the past and estimates based on past experience for the current marketing year, if applicable.

### Oilseeds

The balance sheets include rape, soya beans and sunflower seed meal and oil, plus palm oil. Stock data represent own

estimates based on expert judgement and market information. Thus, the balances close on the domestic use. A coefficient is used to determine the share of oilseeds used in the crushing industry. These crushing coefficients range from 94% to 98% for rapeseed, 89-91% for soya beans and 85-89% for sunflower seed. The balance sheets are interlinked, as oilseeds are crushed into meals and oils based on processing coefficients, used to determine the percentage of meals and oils obtained from oilseeds in the crushing process. These processing coefficients equal 57% for rape meal, 79% for soya bean meal and 55% for sunflower meal and 41% for rape oil, 20% for soya bean oil and 42% for sunflower oil.

### Sugar

For sugar beet area, yield and production, the procedure is similar to the other arable crops. It includes sugar beets for sugar production and for ethanol production. The balance sheet includes only sugar beet production processed into sugar<sup>9</sup> and white sugar. The link with white sugar production is made through the white sugar production as notified under the Common Market Organisation (CMO) for sugar. The presented balances do only consider sugar expressed in white sugar equivalent (e.g. no isoglucose) and take into account sugar beet production outside of the quota (up to 2016/17). Trade of products containing sugar is reported under net exports in processed products under domestic uses of white sugar. These are estimated by applying conversion coefficients to trade volumes of over 400 processed food products. Industrial and biofuel use is based on historical data and projections based on information about ethanol production development. Stocks are taken from MS notifications when they become available and therefore the balance closes over human consumption. When MS information on stocks is not yet available for the projections, they are closing the balance. The reported stocks include carry-forward sugar (up to 2016/17).

For confidentiality reasons with regard to MS notifications on stocks, EU+UK sugar balances are presented in this report up to 2019/20. For the same reason, only change in EU stocks is presented for 2020/21.

### Isoglucose

Production and stocks data originate from MS notifications under the Common Market Organisation (CMO) when they become available. The balance closes over consumption.

### Biodiesel

The balance sheet is based on calendar year. Production data comes from Eurostat. Data covers production from various feedstocks, including vegetable oils, used cooking oils, animal fats and waste (e.g. used cooking oil). Consumption includes fuel use data from Eurostat and own estimates of biodiesel for other uses. Trade figures include trade of pure biodiesel as well as biodiesel in blends. Biodiesel traded in blends is

<sup>8</sup> For all crops this refers to a situation as of end-June, which may differ from other balances, e.g. IGC for maize, USDA for corn.

<sup>9</sup> Sugar beet production processed directly into ethanol is not accounted for in the white sugar production.

estimated using blending coefficients. Stock data is not available and therefore changes in stocks are presented as closing variable. Estimates and forecast are based on trends and experts' judgment.

#### Ethanol

The balance sheet is based on calendar year. Production and consumption data is taken from MS notifications. To these data, an estimate is added for ethanol produced from non-agricultural waste directed to fuel use. Production data covers production from various feedstocks, including cereals, sugar (beet) and molasses, other agricultural feedstocks (e.g. wine and potatoes) and (non-)agricultural residues and waste (e.g. straw). Consumption includes fuel use, use for food and beverages, and industrial and other use. Trade data covers undenatured and denatured ethyl alcohol, applying a conversion coefficient to pure alcohol of 92%, and excludes trade in blends. Stocks are the closing variable. Estimates and forecast are based on trends and experts' judgment.

### SPECIALISED CROPS

#### Olive oil

The balance sheet is based on a campaign starting with the harvest: October/September.

Production estimates present MS notifications for an ongoing campaign. Exports and imports are based on seasonal trends and trends observed in previous years in main export destinations. Consumption estimates consider different trends in main producing countries (Spain, Italy, Greece and Portugal) and the rest of the EU. In the former, the link between a variation of annual production and consumption change is considered. The balance closes on ending stocks.

#### Wine

The balance sheet is based on a campaign from August to July.

The forecast of vinified production is based on MS notifications for an ongoing campaign. An estimate of the vinified production used for 'other uses' is based on total vinified production as well as the consumer demand for products such as vermouth, cleaning products etc.

Exports and imports are based on trends and market expertise.

Consumption estimates consider different trends in main consuming countries (Spain, Italy, France and Germany) and the rest of the EU. The balance closes on ending stocks.

#### Apples

The balance sheet is based on marketing year starting with the harvest: August/July. It includes apples both for fresh consumption and for processing.

The forecast of total apple production is based on forecasts of national or European sectoral organisations. These data, as well as last years' production and consumption, are used to estimate use of apples for processing.

When MS information on stocks is available via World Apple and Pear Association (WAPA), the balance closes on consumption.

Exports and imports are based on seasonal trends and trends observed in previous years in main export destinations. Trade of processed apples is expressed in fresh apple equivalent. The conversion coefficients used to convert processed products into fresh apple weight rates vary between 1.3 and 6<sup>10</sup>.

#### Tomatoes

The balance sheet is based on a calendar year. It includes tomatoes both for fresh consumption and for processing.

The total production of tomatoes consists of the production of 'tomatoes for fresh consumption' and the production of 'tomatoes for processing'. Eurostat is used for the production of fresh tomatoes and World Tomato Processing Council figures for the production of tomatoes for processing.

The production forecast for fresh tomatoes is based on trends and market expertise. The forecast for tomatoes for processing is based on forecasts from the World Tomato Processing Council.

Trade of processed tomatoes is expressed in fresh tomato equivalent. Conversion coefficients used to convert processed products into fresh tomato weights vary between 1.13 and 19.5<sup>11</sup>.

Trade projections are based on production, consumption estimates and trends observed in previous years in main export destinations.

Stocks of both fresh and processed tomatoes are assumed to be zero. Consumption is calculated as a residual. This implies that stock changes are included in consumption figures.

#### Peaches and Nectarines

The balance sheet is based on a calendar year. It includes peaches and nectarines both for fresh consumption and for processing.

Historical data are based on Eurostat. The total production of peaches and nectarines adds up the production of 'peaches' and the production of 'nectarines'. The production of peaches and nectarines for fresh consumption is calculated as the total production of peaches and nectarines minus peaches for processing.

The production forecast is based on estimated production changes by Europeche and applied to the Eurostat data.

Trade of processed peaches is expressed in fresh peach equivalent. The conversion coefficient is 1 for all processed products, but 6 for dried peaches and nectarines. Projections are based on information about production and trends in consumption as well as trends in main export destinations.

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<sup>10</sup> Conversion coefficients are based on a work conducted by Eurostat in 2009.

<sup>11</sup> Conversion coefficients are based on updates provided by TomatoEurope in March 2024.

Stocks of fresh peaches are assumed zero. Consumption is calculated as a residual.

### Oranges

The balance sheet is based on a campaign starting with the harvest: October/September. The balance sheet includes fresh oranges and processed oranges (mainly juice and jams) and is expressed in fresh equivalent.

Area, yield and production data comes from Eurostat. Own estimates are used for oranges produced for processing. Trade of processed oranges is estimated using conversion coefficients into fresh equivalent<sup>12</sup>. Conversion coefficients used to convert processed products into fresh oranges weights vary between 0.3 and 12. No stock data is currently available. The balance closes over apparent consumption. Forecast is based on trends and experts' judgment.

## MEAT

The meat balance sheets cover the beef, pig, poultry, sheep and goat meat categories. Trade data is divided into live animals and meat products ('fresh and chilled', 'frozen', 'salted' and 'prepared'). The offal and fat categories are excluded (except for pork lard). All data is expressed in carcass weight equivalent unless specified otherwise<sup>13</sup>.

Production forecast for the year 2024 is based on annual and monthly data on slaughtering, MS expert forecast, on the trends in livestock numbers and meat consumption patterns. Net production refers to data on slaughterings taking place in the registered slaughterhouses as well as in other establishments. The other slaughterings are subject to constant reviews; therefore, data on the net production might be sensitive to these changes. GIP is calculated as net production plus live exports minus live imports. Consumption is calculated as a residual, i.e. sum of production plus imports less exports plus stock change.

## MILK AND DAIRY PRODUCTS

The commodity balance sheets cover production of dairy products taking place in dairy processing plants and so far do not include on-farm production.

Total EU production of dairy products and in particular for SMP and WMP is estimated, where necessary since the concentration in the dairy processing industry has resulted in an increasing number of MS not publishing their (monthly) production statistics due to confidentiality.

Dairy products production for year 2022 is based on Eurostat annual statistics, estimates for 2023 are based on the

available monthly statistics, taking into account the country coverage and sample characteristics (therefore not fully comparable to reported monthly figures by Eurostat, and based on the comparison of trends between annual and monthly databases in past). Forecast for 2024 is based on current market developments, price expectations, the trends stemming from the medium-term projections and on consumption patterns. Assumptions are made on the dairy herd and cow milk yield, milk demand for direct sales, feed and on-farm use, and milk fat and protein content developments.

Milk uses for dairy products are balanced with availabilities of total milk fat and proteins through a 'residual approach'.

2023 and 2024 market estimates and forecast are first made for milk deliveries and the production of dairy products. The forecast production figures are then converted into protein and fat equivalents and subtracted from the available dairy fat and protein of the milk delivered. In the dairy products balances, consumption is calculated as a residual, i.e. sum of production plus imports less exports plus stock change. Knowledge of private (commercial) stocks and consumption levels is incomplete or lacking for most dairy products. The developments in domestic use may hide considerable changes in private (industry/trade) stocks.

Trade is expressed in milk equivalent using the total solid methodology accounting for the non-fat and protein components of milk such as lactose. As a consequence, the milk coefficient of cheese (composed of fat and protein only) is lower with this methodology (3.58) than when accounting for fat and protein only (5.97). The other coefficients used are: 6.57 for butter, 7.57 for SMP, 7.56 for WMP, 7.48 for whey powder, 0.85 for drinking milk, 3.21 for cream and 0.98 for yogurts.

In the case of butter, trade flows under inward and outward processing are extracted from trade figures in the butter balance sheet. As those regimes are not reported for flows to/from UK, for imports under inward processing a coefficient of 30% is applied for EU imports from the UK and a coefficient of 20% for EU exports to the UK to account for outward processing. Those values are then extracted from the EU trade flows. This methodology might change when the respective regimes will start to be reported.

## DATA

All EU balance sheets are available in [Agri-Food data portal](#) only, in the form of both tables and graphs.

<sup>12</sup> Conversion coefficients are laid down in Working Document 'Handbook for compiling supply balance sheets – vegetables (ESTAT/ASA/PE/640rev3\_WPM).

<sup>13</sup> Carcasses of bovine animals, pigs, sheep, goats and poultry are defined at point 3 ('carcass weight' at point 4) of Annex I of Regulation (EC) No 1165/2008 concerning livestock and meat statistics. For more details as regards the conversion coefficients of product weight into carcass weight equivalent please refer to the Eurostat document ASA/TE/F/655.



## ABBREVIATIONS

ASF	African Swine Fever	LT	Lithuania
AT	Austria	LU	Luxembourg
bbf	barrel (approximately 159 litres)	LV	Latvia
BE	Belgium	MMBtu	Metric million British thermal units (approximately 293.1 kilowatt hours)
BG	Bulgaria	MS	Member States
CY	Cyprus	MT	Malta
CZ	Czechia	N	nitrogen
DE	Germany	NL	Netherlands
DK	Denmark	P	phosphorus
ECB	European Central Bank	PL	Poland
EE	Estonia	pp	percentage point
EL	Greece	PT	Portugal
ES	Spain	RO	Romania
EU	European Union	SE	Sweden
EUR	Euro	SI	Slovenia
FDP	fresh dairy products	SK	Slovakia
FI	Finland	SMP	skimmed milk powder
FR	France	STO	Short Term Outlook
GDP	gross domestic product	UK	United Kingdom
HPAI	highly pathogenic avian influenza	US	United States
HR	Croatia	USD	US dollar
HU	Hungary	WMP	whole milk powder
IE	Ireland		
IT	Italy		
K	potassium		

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