The 2024 prospects for EU agricultural Markets

Drivers and uncertainties

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2024 Prospects for EU Agricultural Markets
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Addressing market outlook drivers and challenges

Macroeconomic environment

Trade

Climate

Food supply and demand interaction

The Food Chain

Energy
Outline

1. The big (and uncertain) macroeconomic picture
2. What is happening in agricultural markets?
3. Addressing market uncertainties
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3. Addressing market uncertainties
Emerging trade patterns

Source: COMEXT, GTA

Map Projection World: Eckert III - Map Scale 1:90,000,000
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Note: The borders of the map do not necessarily represent the official position of the EU. The map has only a statistical value.
Annual GDP growth rate – major economies

Source: Global Insight.
Annual GDP growth rate – BRICs

Source: Global Insight
Currency moves against the Euro

Source: Global Insight.
The price of maize in local currency (index)

2005=100

EUR | USD | REAL | Yuan | Ruble

Macroeconomic assumptions

The euro in the long-term

USD/EUR exchange rate

1 EUR = ...USD


The economic growth path

Annual GDP growth (%)

EU-15  EU-N13  World

Oil price, a very uncertain assumption

* Average of Brent, WTI and Dubai oil price
US energy prices...

...and their link to world natural gas prices

Outline

1. The big (and uncertain) macroeconomic picture
2. What is happening in agricultural markets?
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A snapshot of world crop prices...

USD/mt

Source: World Bank
...their background since the boom...

Source: World Bank
...and their pattern in retrospective

Source: World Bank
**Monthly nominal commodity price indexes**

(2010 = 100)

Source: World Bank
Annual real commodity price indexes

(2005 = 100)

Source: World Bank
Annual growth rate (real prices)

Source: Calculations based on World Bank

Coefficient of variation (volatility)

Source: Calculations based on World Bank
Outline

1. The big (and uncertain) macroeconomic picture

2. What is happening in agricultural markets?

3. Addressing market uncertainties
EU price developments  -  Milk

Source: elaboration by DG Agriculture and Rural Development
Milk price outlook...

Note: Price projections based on stochastic analysis developed and ran by JRC-IPTS
...and milk price uncertainty

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Drivers of an average milk price environment

Macroeconomic environment:
- Crude oil price at 126 USD/barrel and exchange rate at 1.37 USD/EUR by 2024, EU-15 GDP growth around 1.7%

EU dairy market in 2024/14:
- EU milk deliveries +8%, Cheese consumption +10%, Cheese exports +50%, SMP exports +39%

Other major suppliers in 2024/14:
- NZ milk production +24%, US milk production +11%
Drivers of a high milk price environment

Macroeconomic environment over the projection period:
- Higher oil price (150 vs 114 USD/barrel); annual EU-15 GDP growth (+2.3% vs. +1.7%). Weaker EUR (1.19 vs 1.32);

EU dairy market:
- Higher EU feed costs (+23%), milk production (+1%), cheese consumption (+1%) and cheese and powder exports (+3%; +5%)

Other major suppliers:
- Lower NZ milk production (-4%) and powder exports (-5%); Russian milk production (-2%) and cheese imports (-13%);
- Higher US cheese imports (+11%)

Note: Price projections based on stochastic analysis developed and ran by JRC-IPTS
Drivers of a low milk price environment

Macroeconomic environment over the projection period:
- **Lower oil price (90 vs 114 USD/barrel); global GDP growth (EU, CHN, RUS). Stronger EUR (1.45 vs 1.32); lower**

EU dairy market:
- **Lower EU feed costs (-13%), milk production (-1.2%), cheese consumption (-1.4%); Lower EU dairy product exports (cheese -1.5%, powders -5% and butter -13%)**

Other major suppliers:
- **Higher NZ milk prod. (+3%) and powder exports (+3%); RUS milk production (+2%) and lower cheese imports (-12%). Lower Chinese milk production (-3%)**

Note: Price projections based on stochastic analysis developed and ran by JRC-IPTS
Report and data available at:  

DISCLAIMER: While all efforts are made to reach robust market and income prospects, uncertainties remain. This publication does not necessarily reflect the official opinion of the European Commission.  

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