

SHEEP AND GOAT MEAT

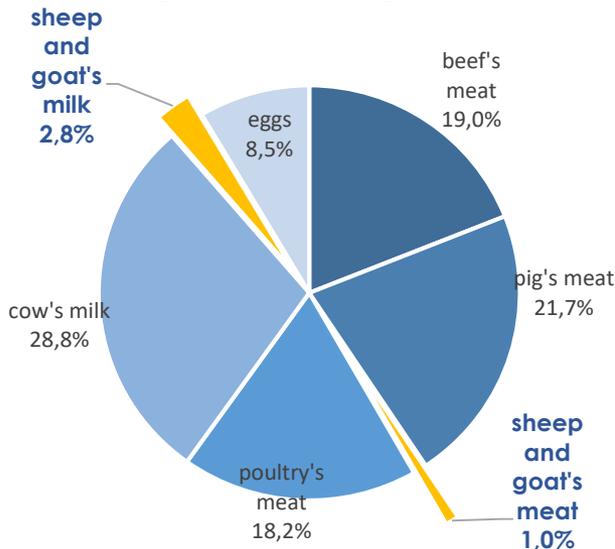
ITALY: NATIONAL MARKET SITUATION

Maggio 2019

SHEEP MILK CRISIS



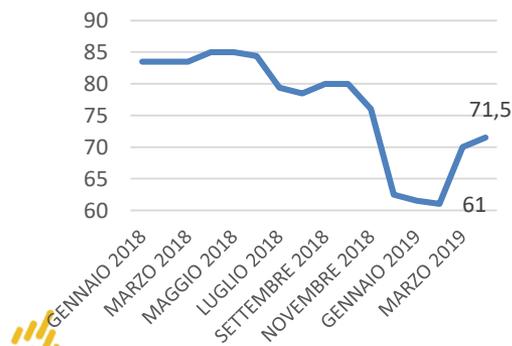
weight on breeding sector



Sardinian pecorino is in crisis, farmers' protests continue for the price of sheep's milk which has dropped to 0.60 cents / l, below the production cost which stands at 0.70 cents per liter. A serious crisis in the entire dairy sheep chain that is putting a strain on the existence of a fundamental production sector for Sardegna (42% livestock).

Domestic consumption decreased, but above **all exports fell (-33%)**, especially those to the reference market in North America, where the drop in exports reached 44%. At the same time there was **an excess of production**: the quantity of pecorino romano that the market was able to absorb is 280 thousand quintals, but the dairy industry produced 340 thousand. The warehouses are now full and the wholesale Pecorino Romano prices have plummeted by 30%. Therefore, **the price of the raw material has collapsed**. A vigorous protest has brought the problem on tv e newspaper everyday for a week, raising consumer awareness.

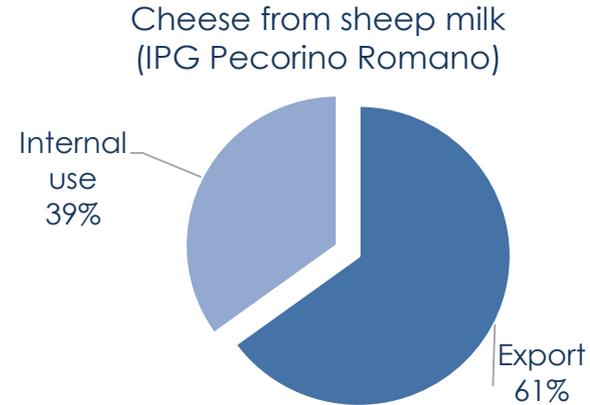
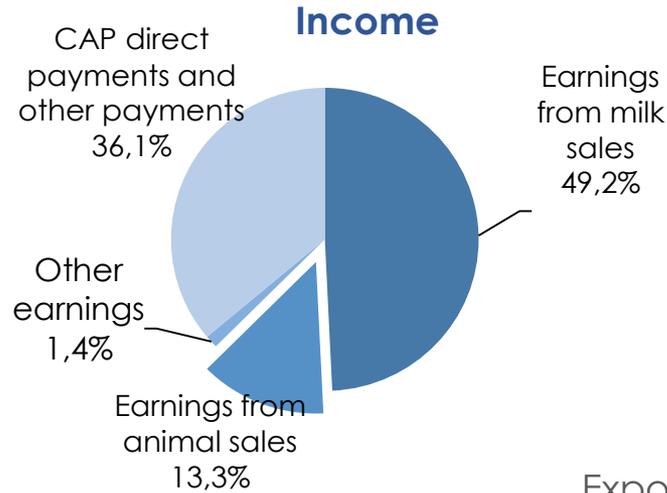
Sheep milk price in Sardegna (€/100l)



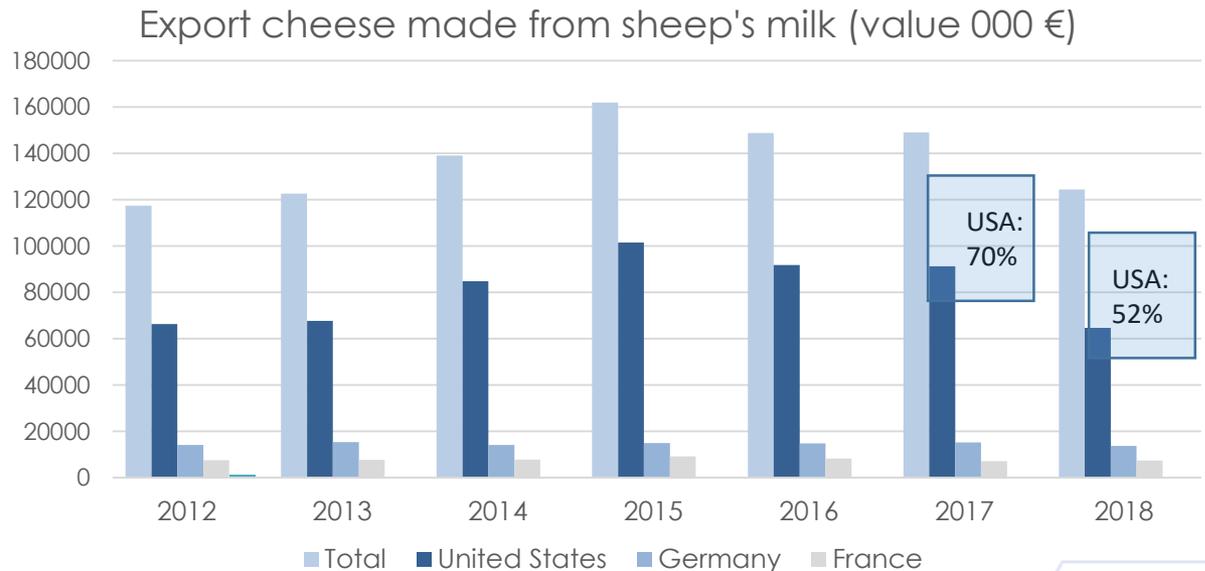
TRUMP IMPORT DUTY



USA HAS ANNOUNCED ITS INTENTION TO INCREASE IMPORT DUTIES ON GOODS FROM EU MEMBER STATES. STRONG IMPACT ON ALL OVER THE SHEEP SECTOR



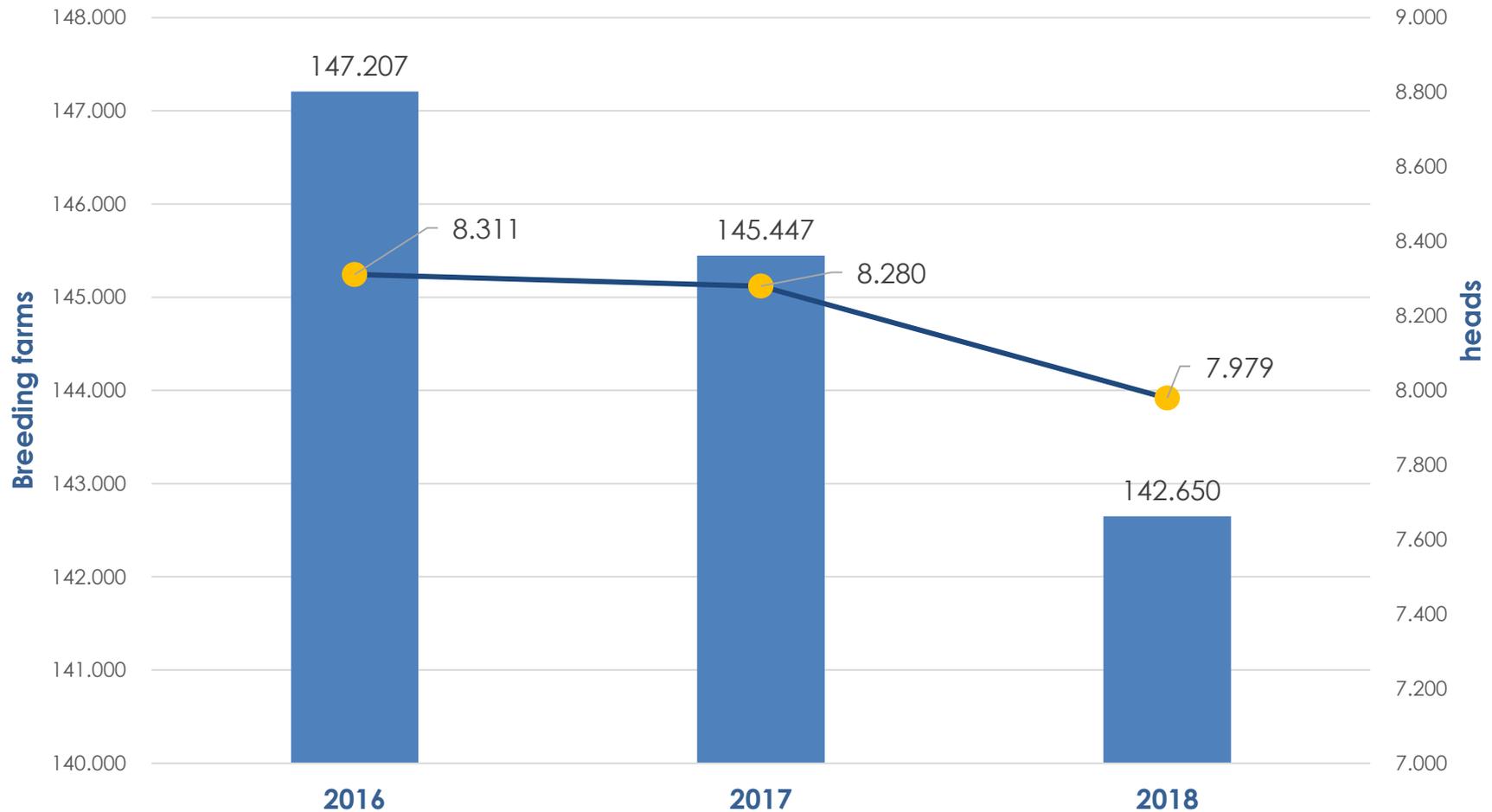
On the export front there is an important imbalance. Roman pecorino is destined for 42% in the United States, 39% in Italy and 19% in European Union countries. Italy was in 1st place for the export of Pecorino Romano type to the USA with 70% in value incidence in 2017. The treat of import duty could compromise the sector economy



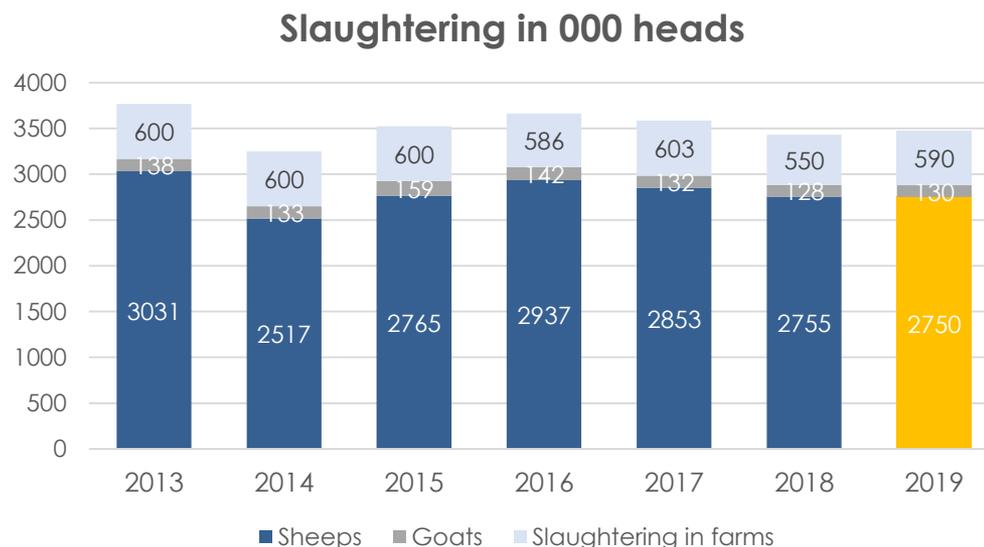
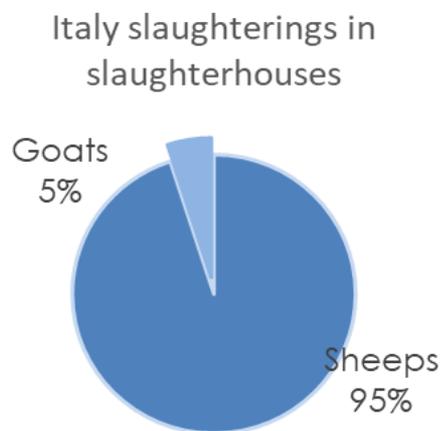
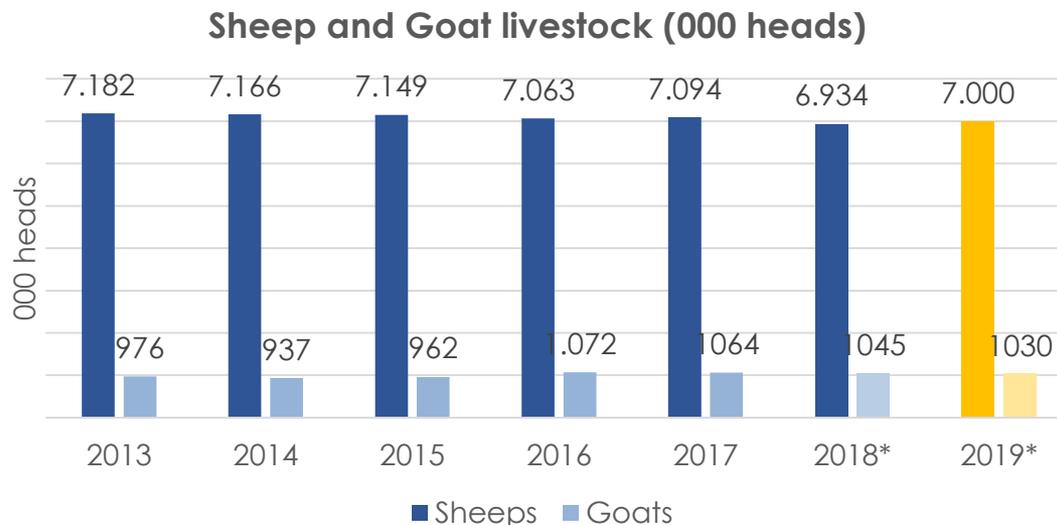
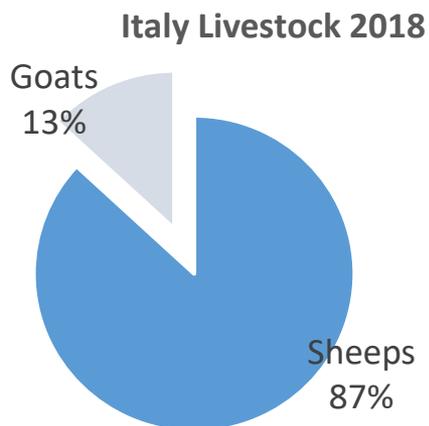
BREEDING FARMS AND LIVESTOCK



the number of farms is reduced due to abandonment by young people and lack of generational turnover



ITALY: SUPPLY

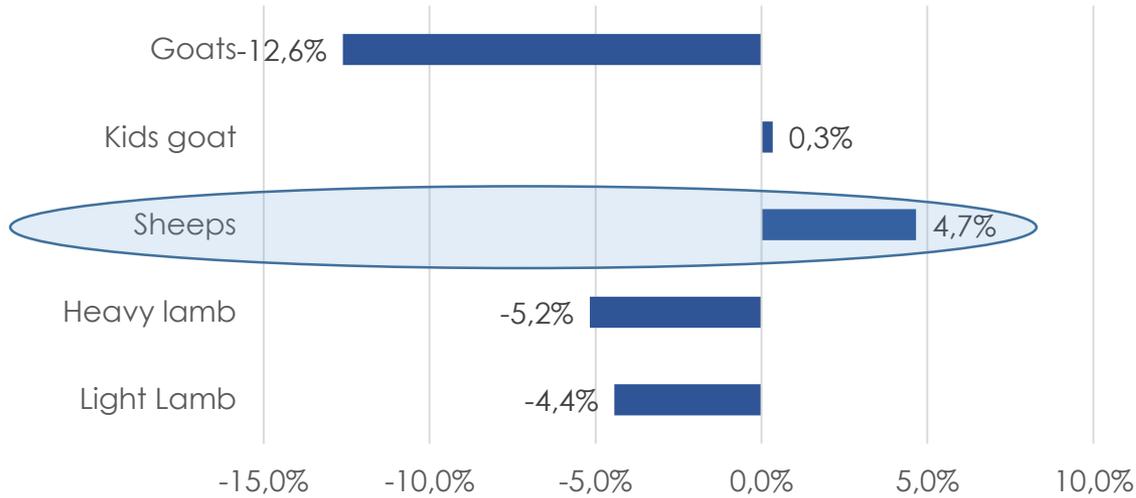




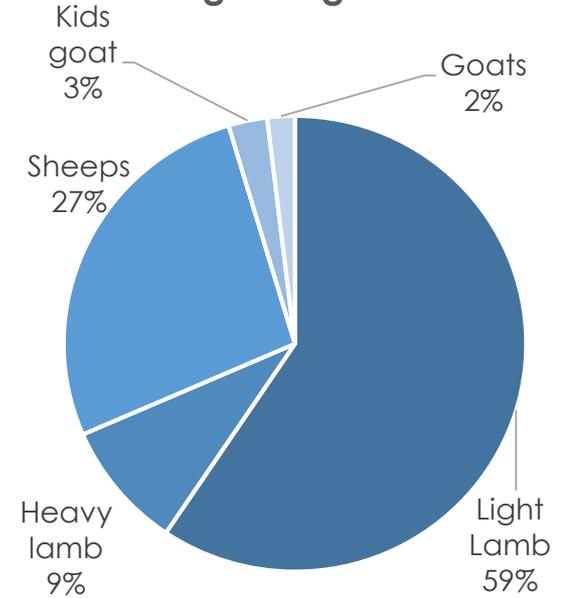
SLAUGHTERINGS – MEAT PRODUCTION



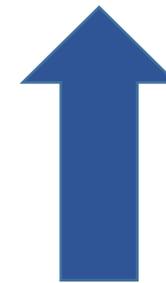
Slaughtering in slaughterhouse trend 2018/17 (-3,4 in heads +1,6% in tve)



Slaughtering in tons



3 IPG for lamb meat

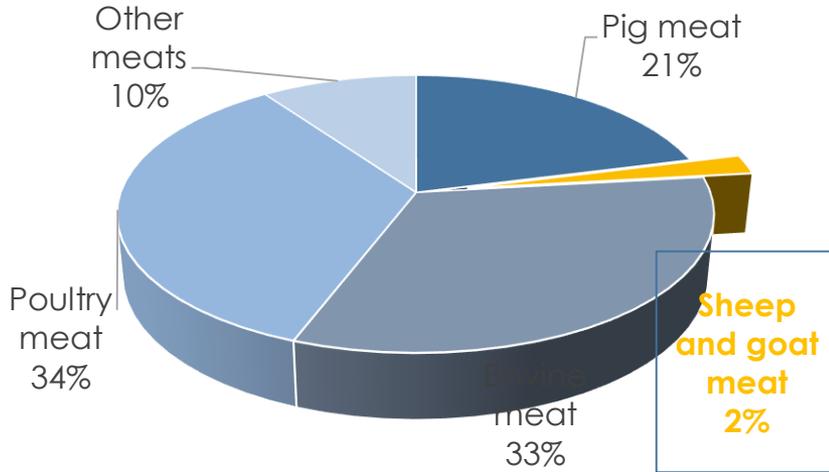


growing certifications
growing price in Easter time

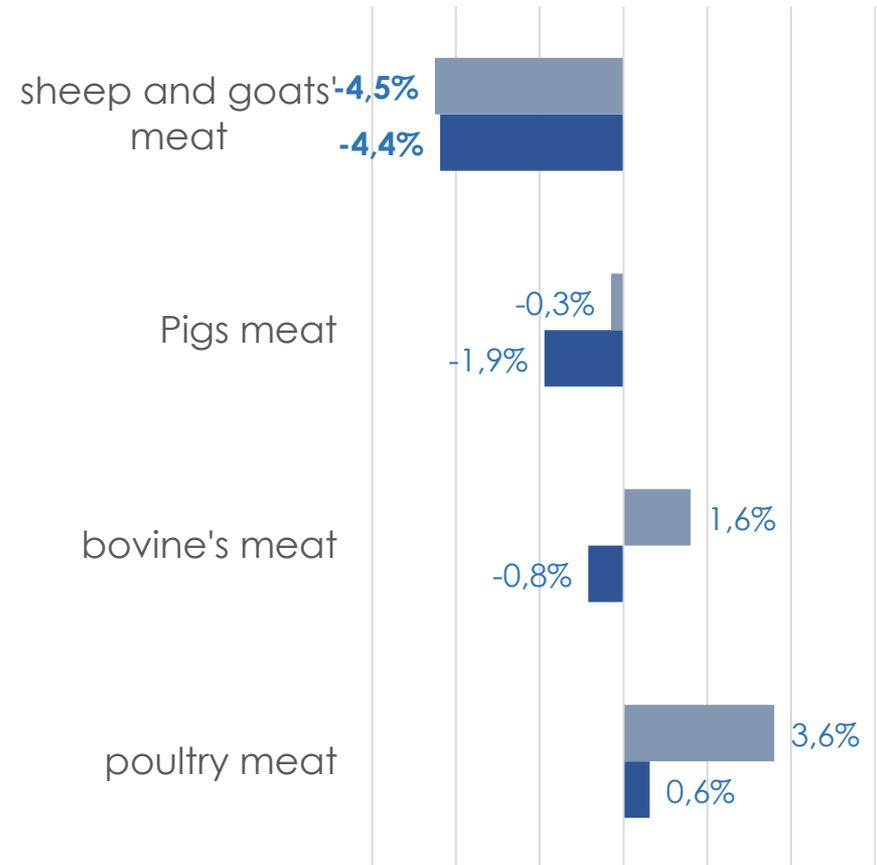
DOMESTIC CONSUMPTION IN 2018



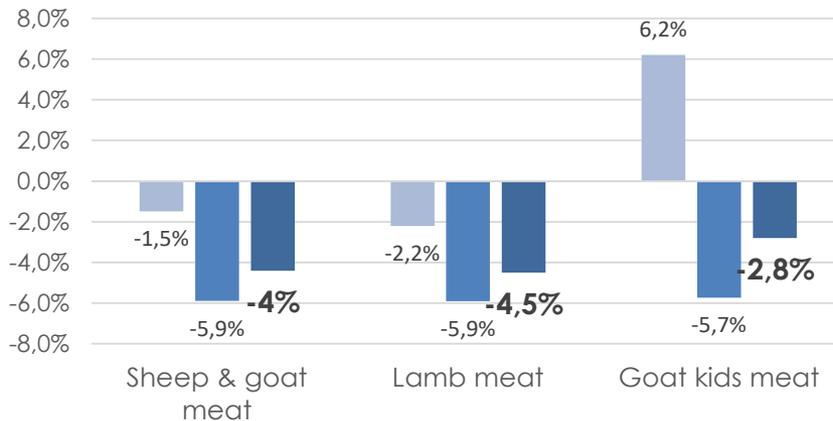
Meat consumption quota



Meat domestic consumption 2018/2017 (only in house no horeca)



Household consumption



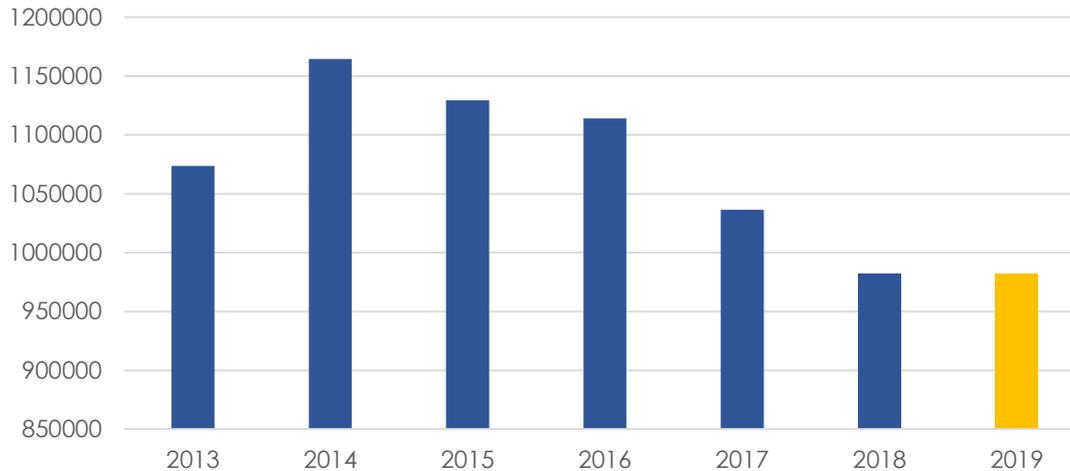
■ 2016/2015 ■ 2017/2016 ■ 2018/2017

■ value ■ volume

SHEEP AND GOAT IMPORTS LIVE ANIMALS



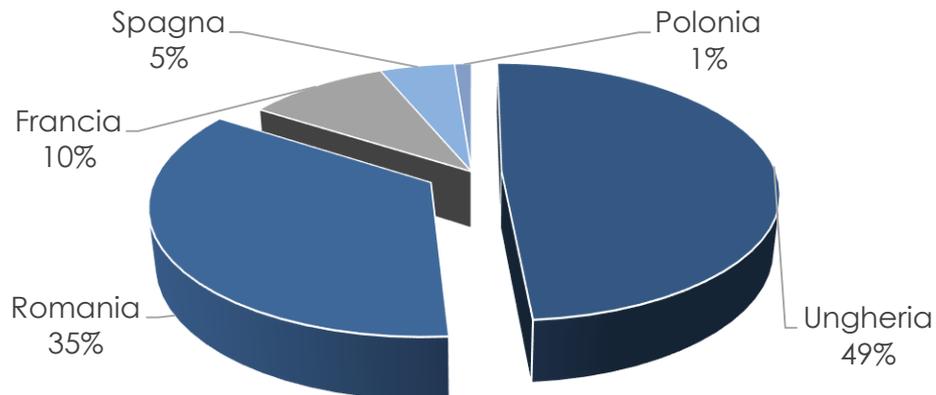
Live imports (heads)



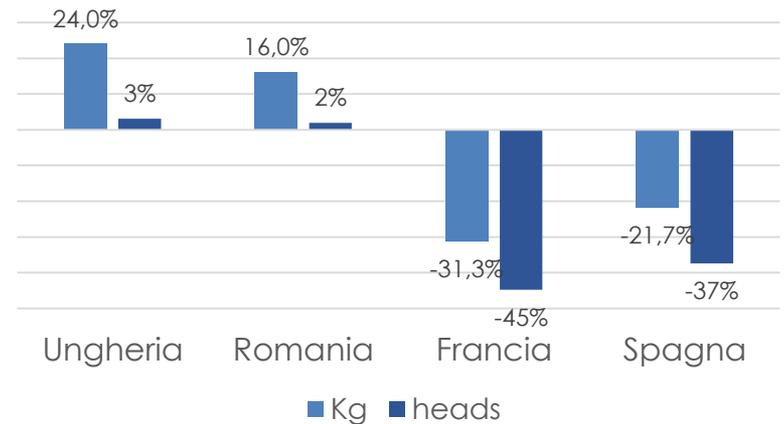
2018/2017
-5% (heads)
+6,7% (twe)

2018/2014
-16% (heads)

Main provider live animals 2018 (Kg)



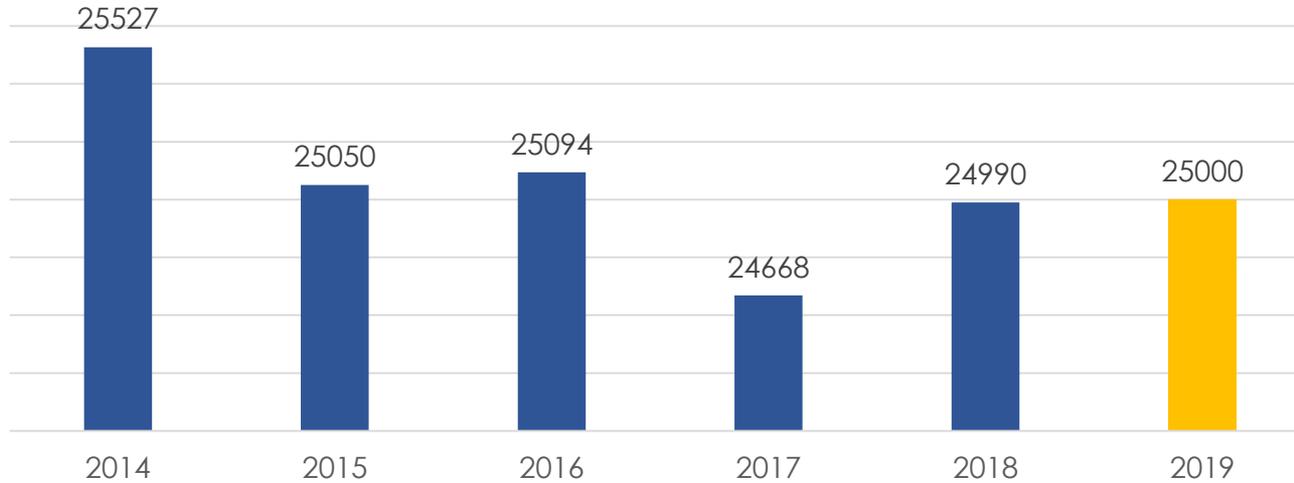
Trend 18/17 main providers live animals



MEAT IMPORT (2014-2018)



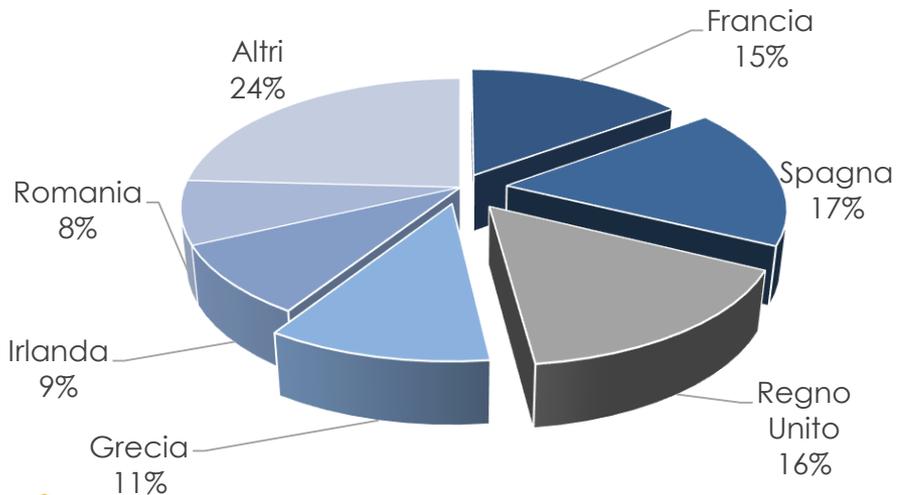
Sheep meat import



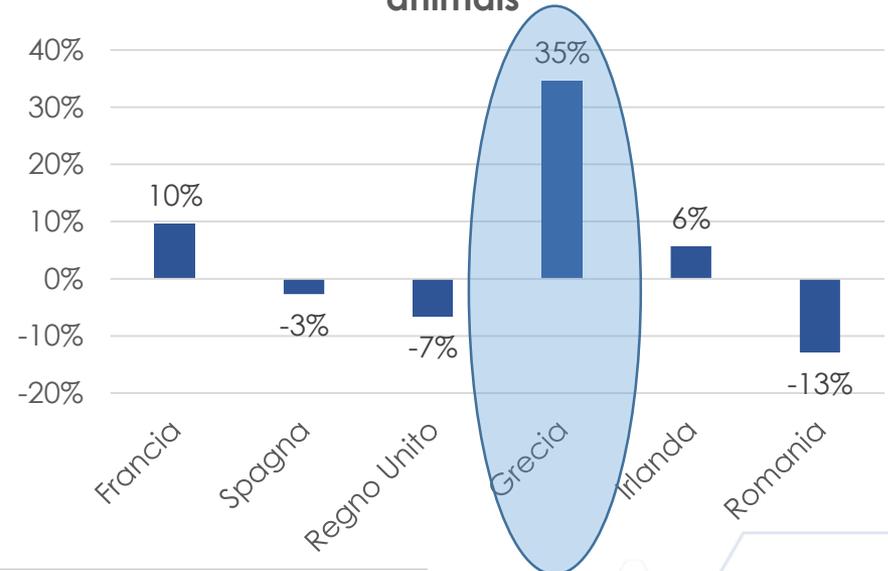
+1,3%
2018/2017

-2,1%
2018/2014

Main providers sheep meat 2018 (T)



Trend 18/17 main providers for live animals

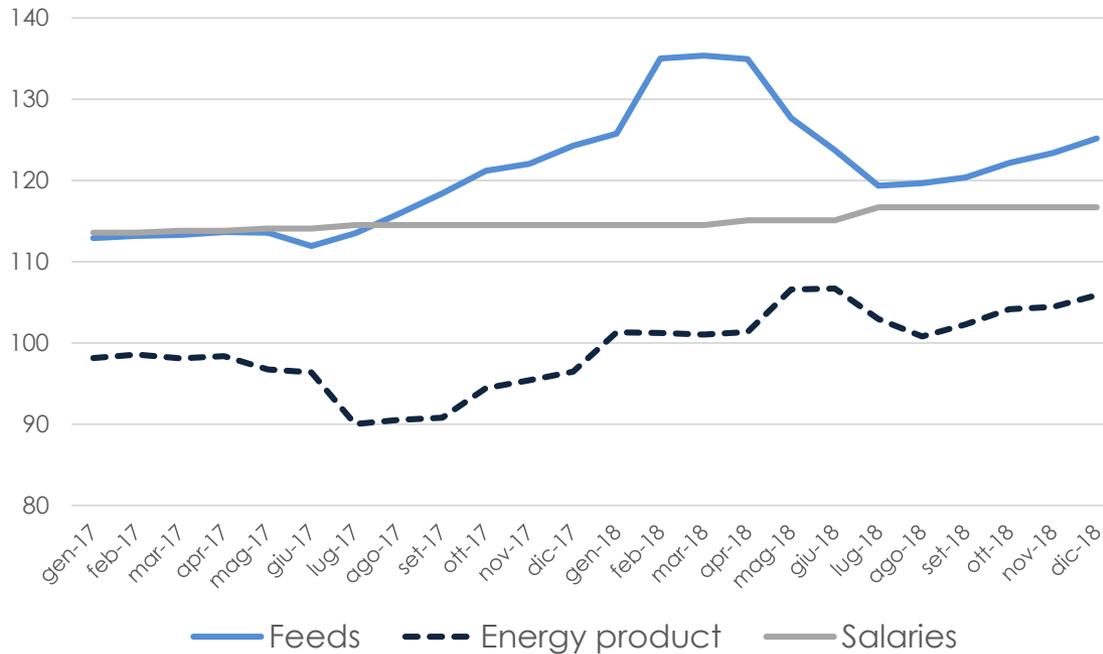


PRODUCTION COSTS

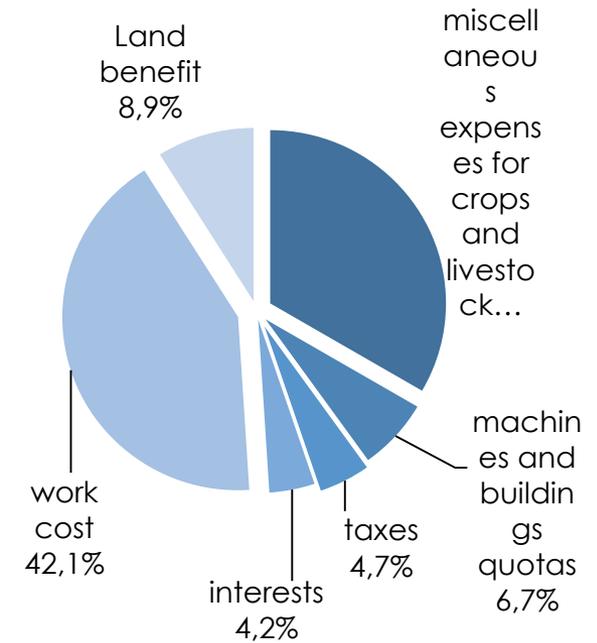


ISMEA INDEX FOR PRODUCTION MEANS PRICES

ISMEA INDEX for production mean prices



Cost allocation



Sheep for production means prices index
2018/2017: : **+5,5%**

Feeds: +8,5%

Energy products: +8,3%

Salaries: +1,4%

ITALY: PRICES



Light lamb price (€/Kg-Live weight)



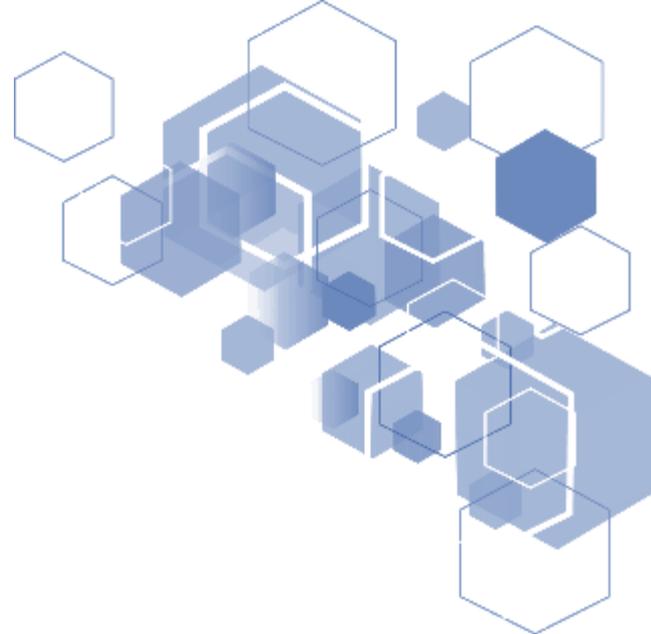
Sensible recovery in april
 (+ 12% vs apr 2018)
 -3% vs gen-apr 2018
 +6% vs gen-apr 2017

Heavy lamb price (€/Kg-Live weight)



+2,5% vs gen-apr 2018
 +10% vs gen-apr 2017





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