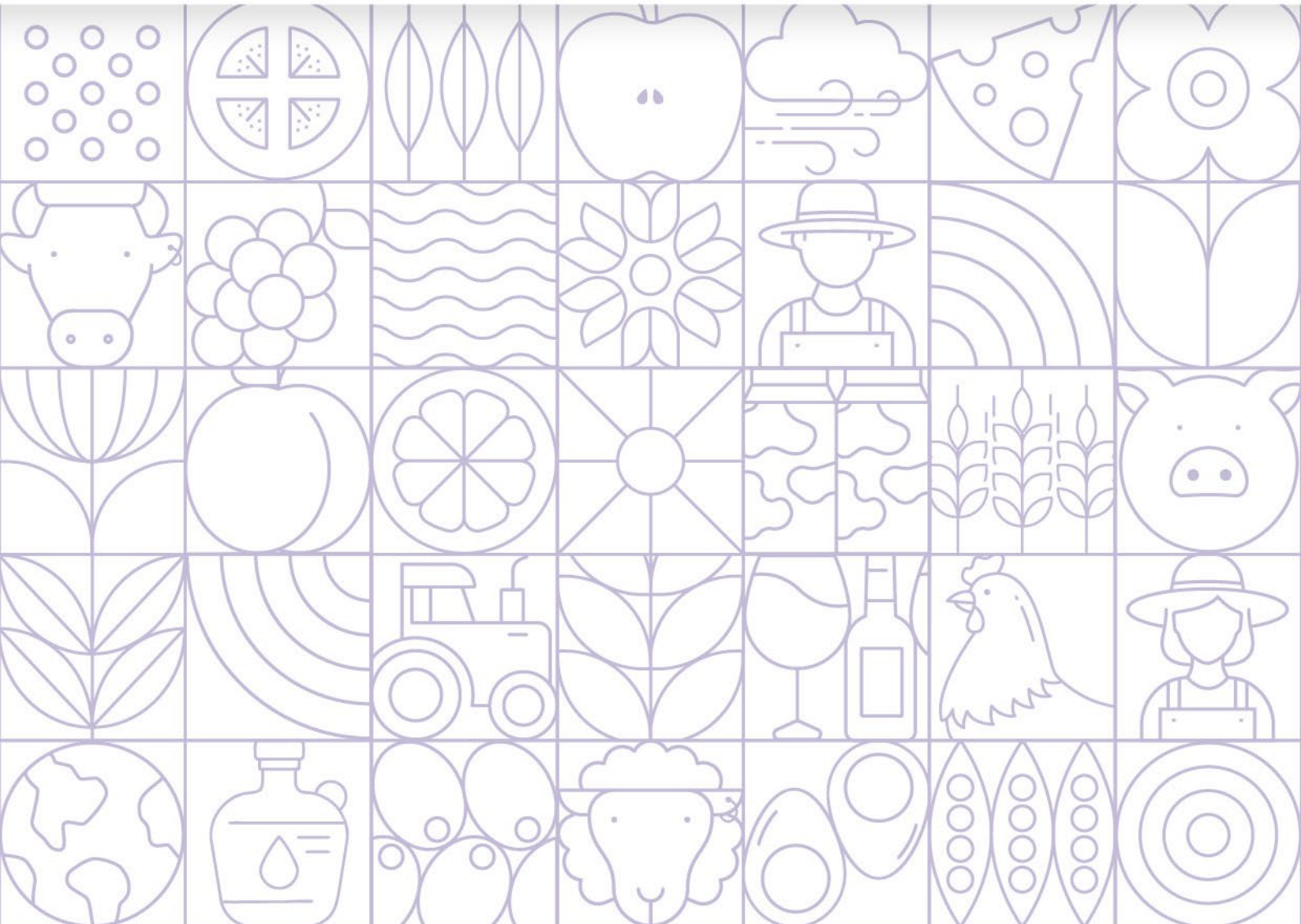
European Commission

Agriculture and rural development

SHORT-TERM **OUTLOOK** for **EU agricultural markets** in 2026

July 2026



EUROPEAN COMMISSION

Directorate-General for Agriculture and Rural Development
Directorate A - Strategy and Policy Analysis
Unit A.2 - Analysis and Outlook
Email: agri-outlook@ec.europa.eu

European Commission
B-1049 Brussels

Manuscript completed in July 2026

Luxembourg: Publications Office of the European Union, 2026

PDF ISSN 2600-0873 KF-01-26-045-EN-N

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

Please cite this publication as:
European Commission: Directorate-General for Agriculture and Rural Development, *Short-term outlook for EU agricultural markets in 2026*, Publications Office of the European Union, 2026.

TABLE OF CONTENT

HIGHLIGHTS

Short-term **prospects for EU agricultural markets in 2026 remain robust**, despite sustained and new sources of uncertainty and pressure on producer margins from rising input costs.

This summer 2026 edition of the EU short-term outlook was again prepared in **a volatile and unpredictable environment**, as the repercussions of the conflict in the Middle East add to pre-existing challenges and risks, including weather-related ones, animal diseases and persistent trade tensions. Still, EU production is expected to increase for oilseeds, dairy, pigmeat and poultry. Cereal production is forecast to contract but remain close to the five-year average, while production in the ruminants, sugar and olive oil sectors is expected to decline.

Macroeconomic and energy market prospects for 2026 remain highly uncertain. A slowdown in EU real GDP growth is forecast at +1.1% in 2026, while the energy shock drives up inflation (+3.1% in 2026). Food prices are still on a modest inflationary path, but food commodity futures point to upcoming price increases, due to the delayed passthrough of higher energy and other input costs. In this context, consumer confidence likely remains subdued and volatile in 2026. The EUR/USD exchange rate is expected to remain around 1.15 by the end of 2026.

In line with the European Commission's Spring Economic Forecast, this **short-term outlook assumes a progressive normalisation** of energy markets, supported by a gradual reopening of the Strait of Hormuz and the restoration of key maritime routes. **However, the balance of risks remains tilted to the downside**, as prolonged disruptions and delays in infrastructure recovery in the Middle East, as well as the replenishment of stocks, could result in persistent higher energy prices and slower economic activity.

EU farmers are already experiencing **higher energy and fertiliser costs** that could aggravate the outlook in case of a prolonged conflict and slower recovery. After a strong increase in April, EU fertiliser prices showed some signs of stabilisation and easing up in recent weeks, but they remain under watch. Producer margins remain under pressure, with fertiliser affordability dropping in March /April to levels observed in 2022. While the **impact on winter crops is expected to be limited**, some impacts on production could be observed for spring and summer crops. **On 19 May 2026, the Commission adopted a Fertiliser Action Plan** to address short-term concerns for farmers' purchase of fertilisers and pursue medium-term resilience and sustainability objectives.

The **weather outlook forecasts generally favourable crop conditions for 2026** in the EU, with winter crop yields expected above the historical average. Summer crops might face challenges from heat and limited rainfall in areas already in water deficit. There is **strong consensus that conditions to generate a very strong El Niño are present** today and expected to intensify over the summer to peak in autumn. While production in the EU is unlikely to be significantly affected by El Niño, **impacts on global markets may propagate from other affected regions**. Impacts on yields are heterogenous globally and uncertainties remain for possible interactions with climate change. Past El Niño events point to a modest increase in global-mean soybeans yields with no major implications for feed availability, and reductions in maize, rice and wheat yields. However, at this point in time the possible effects are still very uncertain.

The **combination of uncertainties** from the global geopolitical situation, macroeconomic and energy prospects and weather conditions **call for a careful monitoring of these factors** and their possible implications for agricultural markets. Those risks were also reported as the most relevant for EU food supply in the Spring 2026 edition of the State of Food Security in the EU, while food affordability was the most relevant concern for EU food security.

ARABLE AND SPECIALISED CROPS

EU **cereals production in 2026/27 is forecast to return to average** at 273.7 million t, after exceptionally high yields in the past season for wheat and barley. Cereals domestic consumption is forecast to remain broadly stable. High beginning stocks are expected to still allow for strong wheat exports while imports are forecast to only increase marginally.

The EU **oilseeds production is expected to increase by 3.1% year-on year** in 2026/27, supported by larger area and higher yields of sunflower seeds. Production of oilseed meals is expected to reach a record level and production of vegetable oils is also forecast to increase. Consumption of vegetable oils is expected to remain stable, with higher sunflower oil consumption offsetting the continued phase out of palm oil in biofuel production. EU production of protein crops is forecast to slightly decline but to remain above average.

EU **sugar production is forecast to decline by 13% below the 5-year average** in 2026/27, due to lower sugar beet area, as prices eased up from record levels and costs increased. Sugar consumption, including net exports in processed products, is expected to be stable, while ending stocks are forecast to contract.

Production of olive oil is expected to decline from previous production recovery in 2024/25 but to remain above average in 2025/26. EU consumption is forecast to return to average, while both exports and imports are expected to increase, in a context of lower prices.

ANIMAL PRODUCTS

EU milk supply is forecast to continue growing in 2026, supported by higher yields, but with an expected **slowdown** in the second half of the year. Milk prices have stabilised after dropping at the end of 2025, but prospects for higher input costs overall put pressure on farm margins. EU demand for dairy products remains resilient but face uncertain prospects with higher food inflation and partial passthrough of higher input costs from dairy processors to consumers. Higher raw milk availability is expected to allow for **higher production of butter, cheese, whey and skimmed milk powder, while EU dairy exports can remain resilient**, despite lower demand and trade disruptions in the Middle East.

EU beef production is forecast to further decrease in 2026 and 2027, driven by a structural decline in the cow herd. Prices are expected to remain high as a result, despite easing up in the beginning of the year. In this context and with tight international markets, EU exports are expected to decrease and imports to increase. A **similar dynamic is expected for sheep and goat meat production**, facing a shrinking EU sheep flock and ongoing animal disease challenges.

EU pigmeat production and consumption are forecast to remain stable and exports are expected to remain resilient, as prices have declined. **EU poultry production is expected to grow**, supported by strong demand and high prices, while exports are expected to decline and imports to increase.

ABBREVIATIONS

ASF	African Swine Fever
AT	Austria
bbl	barrel (approximately 159 litres)
BE	Belgium
BG	Bulgaria
C3S	Copernicus Climate Change Service
CY	Cyprus
CZ	Czechia
DE	Germany
DK	Denmark
ECB	European Central Bank
ECMWF	European Centre for Medium-Range Weather Forecasts
EE	Estonia
EL	Greece
ES	Spain
EU	European Union
EUR	Euro
FDP	fresh dairy products
FI	Finland
FR	France
FTA	Free Trade Agreement
GDP	gross domestic product
GIP	gross indigenous production
HR	Croatia
HU	Hungary
IE	Ireland
IT	Italy
K	potassium
LT	Lithuania
LU	Luxembourg
LV	Latvia
MENA	Middle East and North Africa
MMBtu	Metric million British thermal units (approximately 293.1 kilowatt hours)
MS	Member States
MT	Malta
N	nitrogen
NL	the Netherlands
P	phosphorus
PL	Poland
pps	percentage point
PT	Portugal
RO	Romania
SE	Sweden
SI	Slovenia
SK	Slovakia
SMP	skimmed milk powder
STO	short-term outlook
TTF	Title Transfer Facility
UK	United Kingdom
US	United States
USD	US dollar
WMP	whole milk powder

1. MARKET FUNDAMENTALS

KEY MESSAGES

Slowdown in EU real GDP growth (+1.1% 2026, +1.4% in 2027 year-on-year) as energy shock drives up inflation (+3.1%).

Farmers face rising energy and fertiliser costs, and food inflation is expected to increase in 2027 due to delayed pass through of higher input costs.

Consumer confidence likely remains subdued and volatile through late 2026

Macroeconomic and energy **market prospects for 2026 remain highly uncertain**. This outlook assumes continued moderate global economic growth, a gradual easing of inflationary pressure and a progressive normalisation of oil and natural gas markets, supported by the expected gradual reopening of the Strait of Hormuz and the restoration of shipping activity through key maritime routes. However, the balance of risks remains tilted to the downside. A continuation in the geopolitical tensions, delays in infrastructure recovery in the Middle East or prolonged disruptions to energy exports and maritime transport, in combination with the need for replenishing stocks, could result in higher and more persistent oil and gas prices, with adverse consequences for inflation, economic activity and energy market balances.

According to the Spring 2026 Economic Forecast by the European Commission, the EU **economic growth** could be weaker than what was expected last autumn. EU real GDP would grow by 1.1% in 2026 (-0.3 pps/Autumn Forecast), and by 1.4% in 2027 (-0.1 pps). General **inflation** in the EU is projected to reach 3.1% in 2026 (+1.0 pps/ Autumn Forecast) and 2.4% in 2027 (+0.3 pps), mainly due to higher oil and gas prices following the conflict in the Middle East.

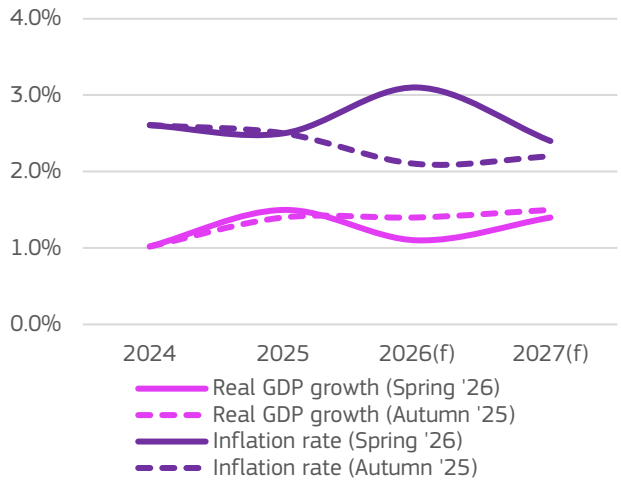
Since June 2025 the euro has moved within a bandwidth of 1.14-1.19 against the US dollar, reaching a value of USD 1.15 in June 2026. Prospects are that the **EUR/USD exchange rate** would remain in this bandwidth by the end of 2026, possibly around 1.20 if a lower US inflation leads the Federal Reserve to decrease the interest rate, which, at the moment of writing, seems unlikely.

Food prices in May are still on a modest inflationary path, however oils and fats that faced larger price hikes in previous years, are showing a deflationary direction. Higher energy prices supported vegetable oil prices through their connection to biofuel markets. Prices for meats, dairy products and eggs follow the same pathway of food inflation, while vegetable prices have increased at the start of 2026.

Looking ahead, food commodity futures remain tilted to the upside through mid-2027, with a lag in the energy prices passing through to food products through transport/logistic costs and agricultural input costs. **Consumer confidence** likely remains subdued and volatile through late 2026 driven by the rising food prices and renewed energy uncertainty.

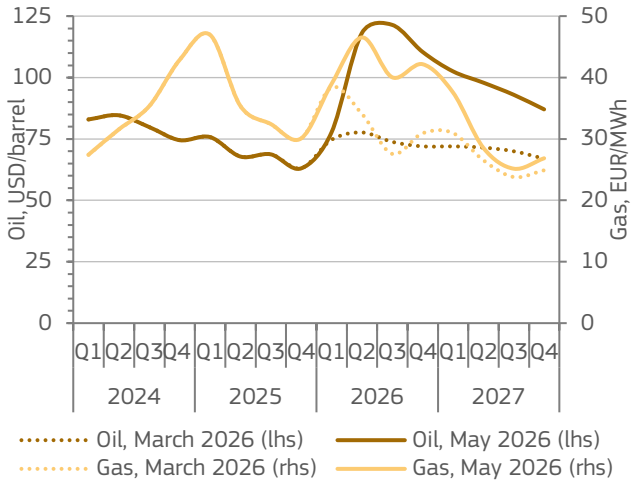
Total agricultural input costs for farmers have broadly stabilised in 2025. The geopolitical tensions in the Middle East have increased uncertainty surrounding energy and fertiliser markets, which are likely to result in an increase already notable for energy and fertilisers in Q1 26 (+5.6% and 4.2%) and likely to increase over 2026. While the EU entered 2026 with sufficient nitrogen fertiliser availability, supported by strong import volumes in late 2025, the EU remains exposed to higher natural gas and fertiliser costs given its import dependency. Feed costs remained relatively moderate compared with recent years so far (- 0.3% comparing Jan-March 2026 to Oct-Dec of 2025), although higher input and transport costs may place upward pressure on cereal and feed prices during the remainder of 2026. Plant protection products (-0.1%) and seeds and planting stocks (+0.1%) remained stable between 2025Q4 and 2026Q1.

GRAPH 1.1 Annual growth rate in EU real GDP and inflation



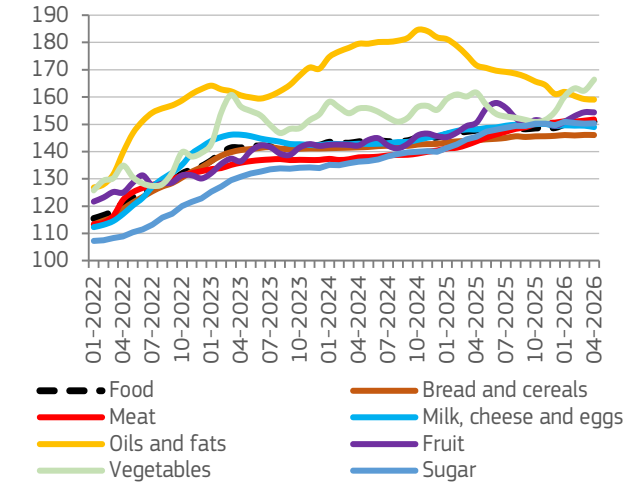
Source: DG ECFIN Autumn 2025 and Spring 2026 Economic Forecasts.

GRAPH 1.2 Brent crude oil and Dutch TTF quarterly price forecast



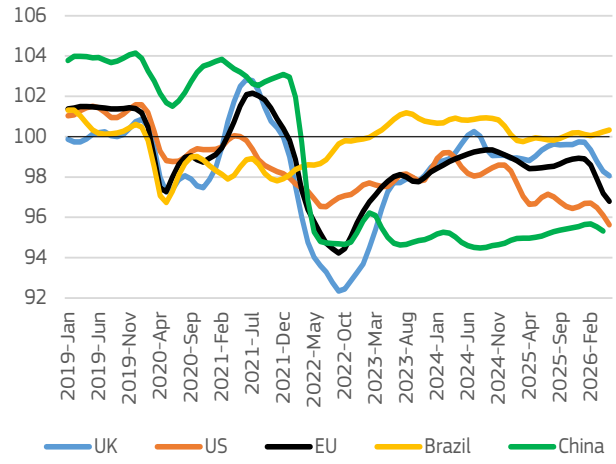
Source: S&P Global – Commodity Price Watch, March and May 2026.

GRAPH 1.3 EU consumer price inflation of selected food products (2015 = 100)



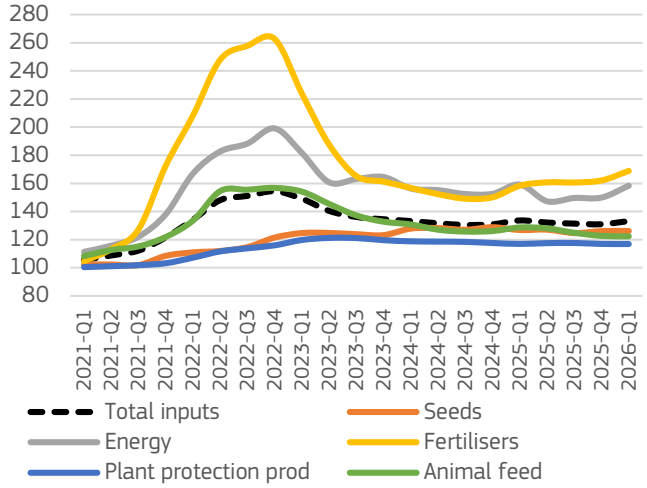
Source: DG Agriculture and Rural Development, based on Eurostat.

GRAPH 1.4 Consumer confidence index



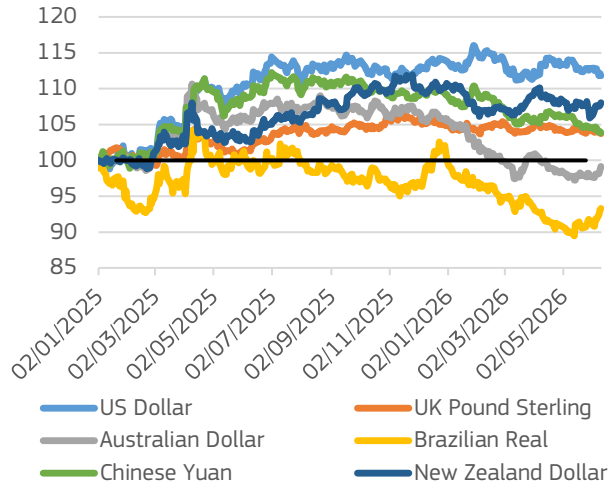
Source: OECD, harmonized, monthly composite consumer confidence index.

GRAPH 1.5 Index of purchase prices for means of agricultural production (2020 = 100)



Source: Agri-Food data Portal (EUROSTAT).

GRAPH 1.6 Index daily exchange rates against the Euro



Source: European Central Bank – Euro foreign exchange reference rates.

Spotlight on Fertilisers

EASING PRICES BUT STILL UNCERTAIN OUTLOOK

Fertilisers have been a concern for EU farmers over the past six years, with price peaks in 2022 and strong increases in 2026. In April 2026, EU nitrogen fertiliser prices peaked 72% above 2024 levels and showed signs of stabilising in May, though remaining high, before easing gradually over June (56% above 2024 levels mid-June). On global markets, nitrogen fertiliser prices are easing even more, driven by weak demand and improved supply prospects. As for mid-June, farmers continued to delay purchases amid uncertainty but renewed buying signals appear. However, uncertain logistics and late-2026 demand surges may marginally raise EU domestic prices. The outlook for phosphate fertilisers remains way more challenging due to tight global supply and high sulphur costs, while potash markets remain broadly stable.

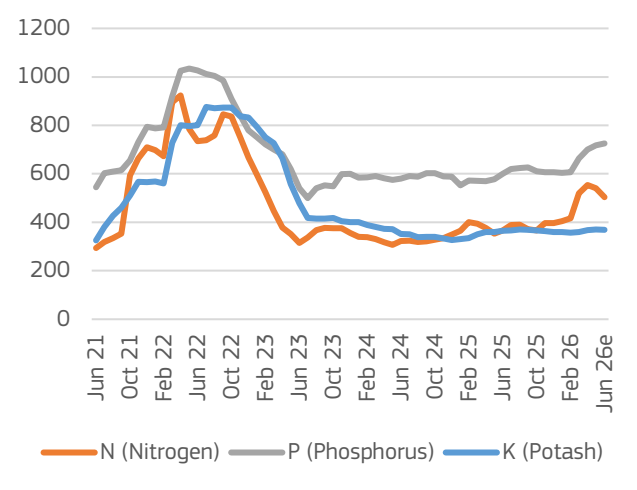
AFFORDABILITY DROPPED TO 2022 LEVELS

Despite recent price easing and hopes for a possible political solution, the Middle East crisis is likely to continue to weigh on fertiliser and energy markets and return to normal levels might take some time still. Fertiliser affordability relative to cereal prices was already under pressure before the escalation of the Middle East conflict, but the resulting market disruption further deteriorated the situation, bringing affordability levels in March-April back to those observed in 2022. With some easing and firmness of cereals prices, the affordability index improved slightly in May and will further improve in June. Nonetheless, producer margins remain under pressure. The impact on winter crops (wheat, barley, rapeseed) is expected to be limited, as fertiliser purchases made before the end of 2025 were considered sufficient. Still, farmers may have decided to reduce the final fertiliser application, which could lead to lower grain protein content. Greater impacts are expected for spring and summer crops. In particular, maize area could decline or receive lower fertilisation.

A NEW PLAN FOR EU FARMERS AND THE FERTILISER INDUSTRY

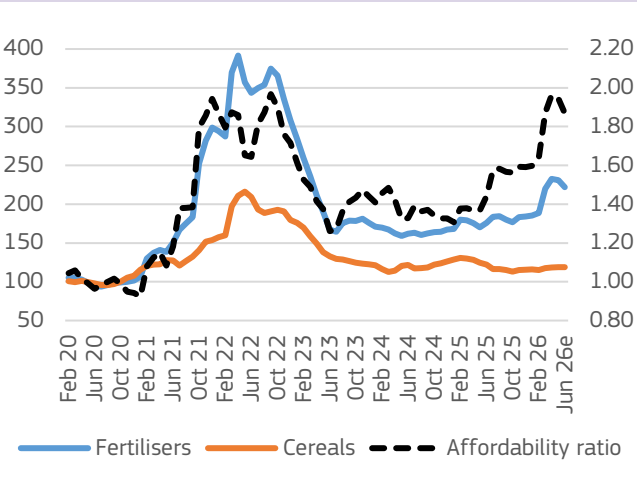
The Commission adopted a Fertiliser Action Plan on 19 May 2026 aiming at addressing both the short-term concerns and medium-term objectives. The short-term support intends to secure farmers' fertilisers purchases on time for the production cycle 2026/27, in addition to the dedicated temporary State Aid Framework. It includes exceptional support for farmers from the agricultural reserve, targeted adjustments to the CAP with a new liquidity scheme, the possibility for Member States to pay direct payments earlier and to adjust their direct payments budget for 2027. Over the medium term, the Plan aims to support an accelerated decarbonation of the EU fertiliser industry, for diversification of supply through diversified trade and the development of domestic bio-based and low carbon alternatives, for improved nutrient efficiency supported by the future CAP, for enhanced transparency in the supply chain.

GRAPH 1.7 Fertiliser price evolution (EUR/t)



Source: DG AGRI calculation based on market data provided by Argus Media Ltd and S&P Global Inc.

GRAPH 1.8 Affordability index (right axes) calculated as the ratio between EU average fertilisers and cereals prices in EUR/t (left axis)



Source: DG AGRI calculation based on market data provided by Argus Media Ltd and S&P Global Inc.

2. ARABLE CROPS

KEY MESSAGES

273.7 million t cereals production in 2026/27 (-5.6% year-on-year)

32.7 million t oilseeds production in 2026/27 (+3.1% year-on-year)

14.1 million t sugar production in 2026/27 (-15% year-on-year)

In 2026/27 EU production of arable crops is forecast to be lower than in marketing year 2025/26.

EU **cereal production** in 2026/27 is forecast to be in line with the 5-year average at 273.7 million t. Nevertheless, this would represent a decrease of 5.6% year-on-year, mainly due to return to more average yields after exceptionally high yields for wheat and barley last season.

Despite lower expected production, significantly higher **beginning stocks** of the 2026/27 season would still allow the EU to maintain strong **wheat exports,** while **imports** of cereals are forecast to only increase marginally.

Domestic **consumption of cereals** is expected to remain broadly stable. Soft wheat consumption is forecast to reach 102.8 million t (corresponding to 70% share in total availabilities), followed by maize with 76.8 million t (79%) and barley with 43.0 million t (78%).

The EU **oilseed production** (rapeseed, soya bean and sunflower seed) in 2026/27 is forecast to increase by 3.1% year-on year and 5.3% over the 5-year average to 32.7 million t, driven primarily by a larger area and improved sunflower seed yields.

EU **production of oilseed meals** is expected to reach a record level of 30.4 million t, 3.0% above the 5-year average, driven mainly by sunflower meal.

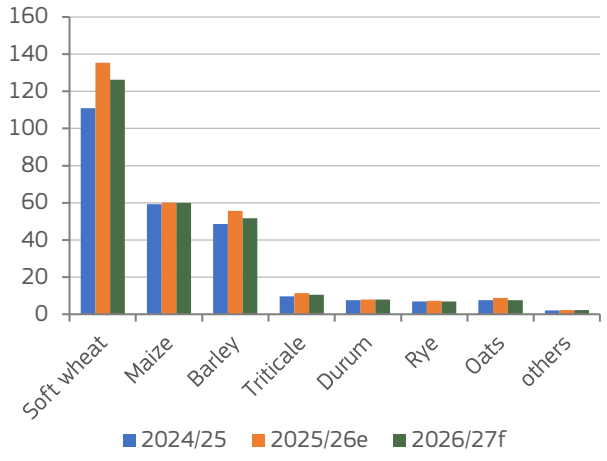
EU **production of vegetable oils** is forecast 4.4% above the 5-year average at 16.8 million t due to increase in sunflower and rapeseed oil production. Domestic consumption is forecast to remain stable 20.4 million t, with higher sunflower oil use (6.4% above the 5-year average) offsetting lower palm oil consumption (42% below the 5-year average), largely driven by the continued phase-out of palm oil from biofuel production.

The 2026/27 EU **production of protein crops** (field peas, broad beans and lupins) is forecast at 4.3 million t. This would be 17% above the 5-year average, but below 2025/26 production volume due to a decline in the forecast peas and beans area.

The 2026/27 EU **sugar production** is forecast at 14.1 million t, down 2.5 million t from 2025/26. This decline is primarily driven by a decrease in **sugar beet area** (-8%) driven by the end of the record high sugar prices and increase in costs and a return to average yields.

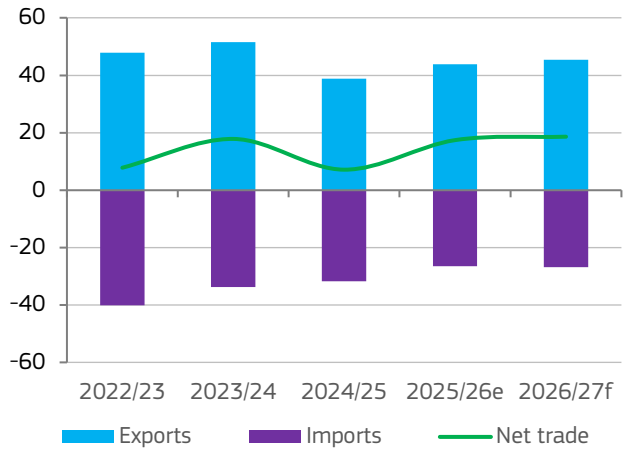
Due to lower availabilities, **sugar exports** are expected to drop to 0.8 million t, while **sugar imports** are forecast to increase to 1.5 million t. **Sugar consumption**, including net exports in processed products, is expected to be stable, while ending stocks are forecast contract to 2.1 million t.

GRAPH 2.1 EU Cereals production (million t)



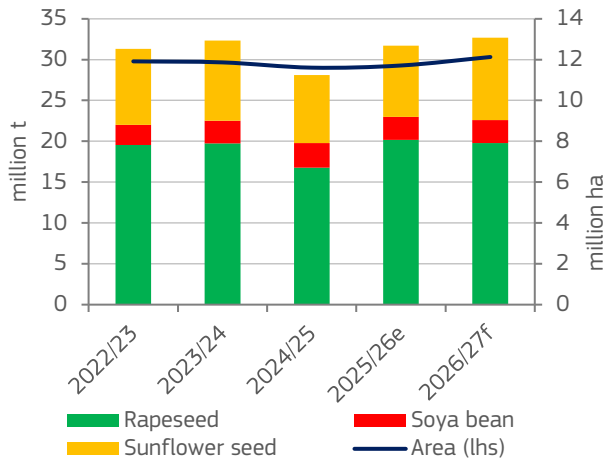
Source: DG Agriculture and Rural Development based on Eurostat, MS notifications and JRC MARS data.

GRAPH 2.2 EU cereals trade (million t)



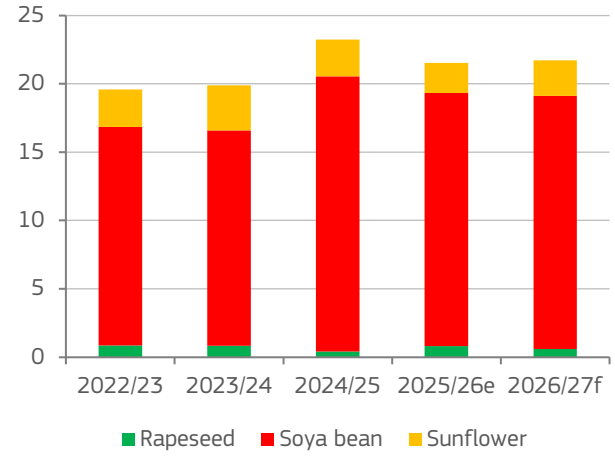
Source: DG Agriculture and Rural Development based Eurostat.

GRAPH 2.3 EU area and production of oilseeds



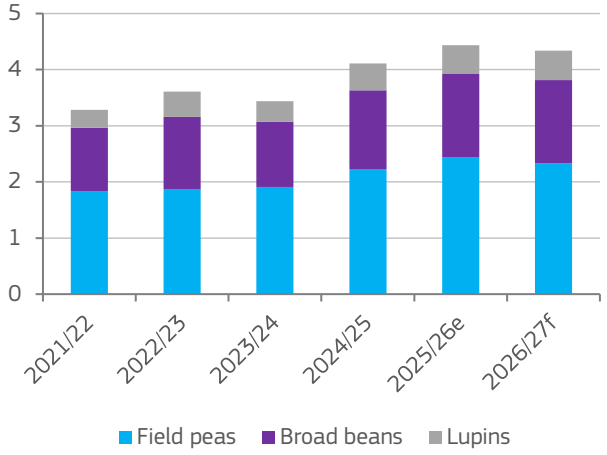
Source: Source: DG Agriculture and Rural Development based on Eurostat, MS notifications and JRC MARS data.

GRAPH 2.4 EU oilseed meals imports (million t)



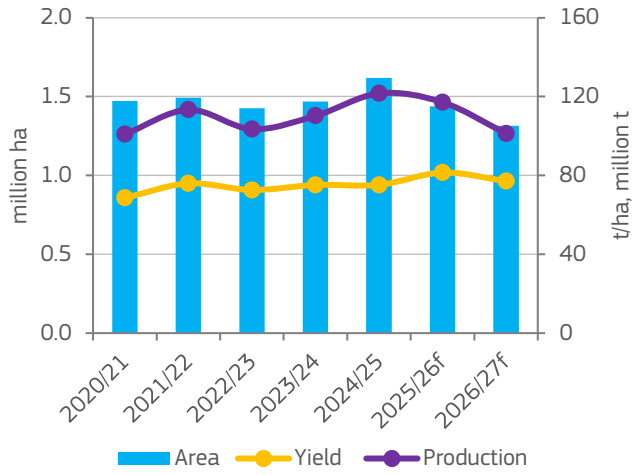
Source: DG Agriculture and Rural Development based Eurostat.

GRAPH 2.5 EU production of protein crops (million t)



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

GRAPH 2.6 EU sugar beet area, yields and production



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

Spotlight on Weather Outlook

FAIR YIELD OUTLOOK DESPITE DRY SOILS

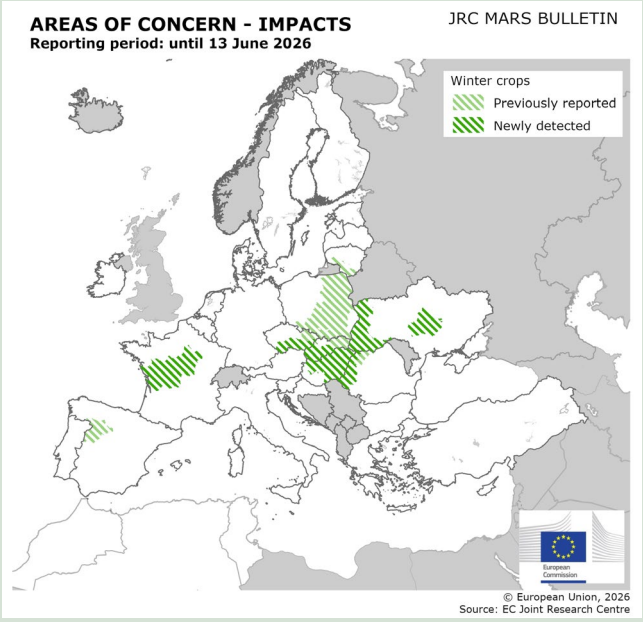
The JRC MARS Bulletin for June 2026 reports generally favourable crop conditions, with EU yields forecast slightly above the five-year average. However, dry spring weather and the May heatwave have reduced winter crop prospects in parts of western, central, and eastern Europe. Low soil moisture also raises concern for summer crops, as forecast heat and limited rainfall through end-June threaten maize and sugar beet.

SUMMER OUTLOOK FOR EUROPE

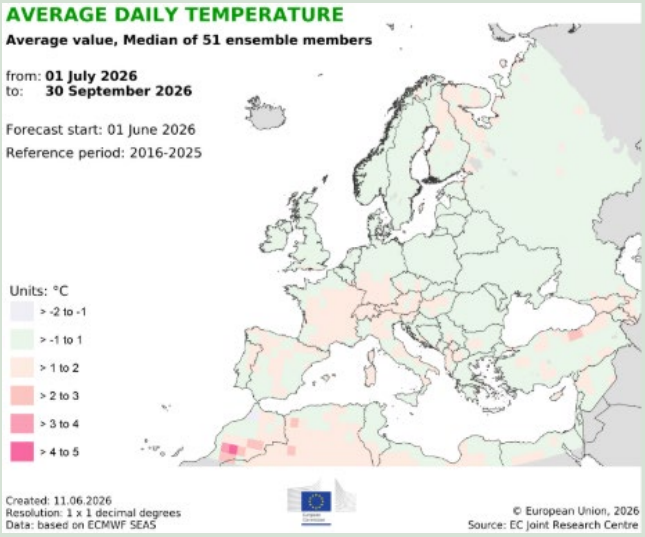
The latest ECMWF long-range forecast (July-September) indicates only a moderate likelihood of warmer-than-average conditions across most of Europe relative to the recent 10 years, especially in central and parts of western Europe, consistent with the region's recent warming trend rather than a direct response to El Niño. Winter crop yields are expected to remain above average. However, summer crops may face challenges by heat and limited rainfall around flowering, where soil moisture is already low.

POSSIBLE IMPACTS OF EL NIÑO

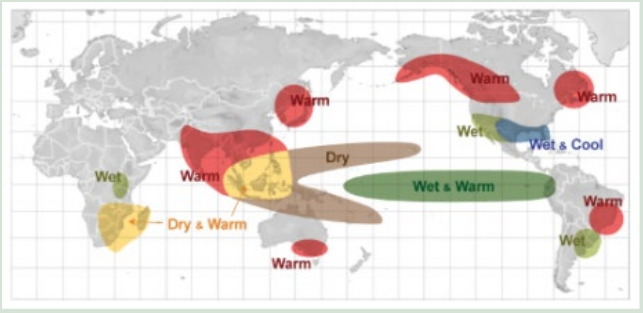
There is strong consensus among climate prediction centres that El Niño conditions are present today, expected to intensify during boreal summer 2026 and peak in autumn. The latest C3S forecast projects around 75% of ensemble members with El Niño 3.4 anomalies above 2.5°C in November, indicating a high likelihood of a major event[1]. Europe is not a hotspot for El Niño impacts, and neither winter nor summer crop yields in Europe are likely to be significantly affected in 2026, although Europe may see market effects propagating from other regions globally. Warmer, drier-than-average conditions during El Niño years tend to weaken the Asian monsoon, lowering rice and soybean yields in India and south-east Asia; wheat yields in Australia will be likely compromised, as could be maize yields in north-east Brazil. Conversely, wetter autumn conditions in the southern United States, southern Brazil and Argentina may favour maize and soybean, partially offsetting losses elsewhere. In past El Niño events, global-mean soybean yields increased modestly, largely driven by Brazil, with no major implications for EU feed availability. Maize, rice and wheat responses were more heterogeneous, but generally pointing to yield reductions[2]. Uncertainty remains, as El Niño's interactions with ongoing climate change and the exceptionally high sea surface temperatures observed since 2023 are still not well understood, affecting both predictability and impacts.



Source: JRC MARS Bulletin, June 2026.



Source: JRC AGRI4CAST, based on ECMWF.



El Niño effects December to February. Source: NOAA

[1] https://climate.copernicus.eu/seasonal-forecasts

[2] https://www.nature.com/articles/ncomms4712

3. OLIVE OIL

KEY MESSAGES

EU olive oil production below 2.1 million t after production recovery in 2024/2025 season (-5% year-on-year)

EU imports are expected to increase (24% year-on-year%), given the high availability of competitive Tunisian olive oil

EU exports could regain competitiveness with an increase of 6% year-on-year

Excessive rainfall in the beginning of the year 2026 significantly hampered harvest conditions in the south of ES, the EU's main producer of olive oil, revising the harvest downwards to around 1.3°million°t in 2025/26 (-9% year-on-year). Production in EL is also expected to decrease substantially in 2025/26 (-18%), while PT production could marginally increase (+1% year-on-year), being less severely impacted by agroecological conditions. However, the alternate bearing of olive groves in IT in 2025/26 resulted in an estimated 31% year-on-year increase in olive oil production, boosting overall EU production. These developments could result in marginally lower EU olive oil production in 2025/26 to just below 2.1 million t (-5% year-on-year), but representing an increase of 9% over the 5-year average.

After the fall in prices at the beginning of 2024/25 accompanied by high production volumes after historically low production seasons, **olive oil prices** have stabilized in 2025/26. However, since end of April EU prices for olive oil keep on decreasing. Extra virgin oil reached EUR 427 per /100 kg in ES in October 2025, peaked at EUR°457°per /100 kg in December and since mid-April started to decline, reaching EUR°397°per /100 kg by beginning of June 2026. The expectation of a fruitful harvest in 2026/27 in main EU producing countries might explain recent price decreases. Moreover, **olive oil prices in ES** in 2026 are still marginally stabilizing below the 5-year average. Favourable weather conditions over the summer, with the anticipation of a fruitful harvest for 2026/27 might further ease the pressure on prices.

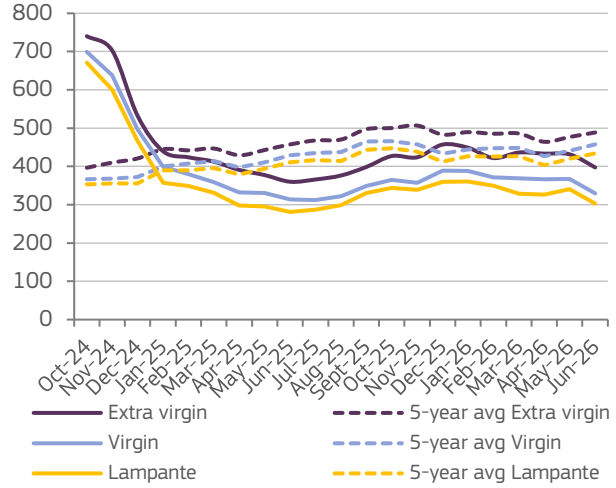
EU consumption of olive oil is expected to follow the marginal decrease in EU olive oil production, and return to the 5-year average of around 1.4 million t.

The more stable availability of olive oil and lower prices in the EU have also influenced **trade** flows. An increase in the shipments to China was observed in recent months doubling their imports until March 2026 compared to the same timeframe in 2024/25. Also exports to Brazil, UK, Japan, have been growing, while exports to the US decreased since the beginning of the marketing year. EU exports in 2025/26 are expected to grow 6% year-on-year to 794°000°t, gaining global competitiveness given the recent price decrease.

Given the availability of lower-priced Tunisian olive oil, EU **imports** are expected to grow by 24%°year-on-year to 223°000°t. Even though import demand from most suppliers decreased with marginally decreasing EU production, Tunisia is the main supplier of olive oil to the EU and is expected to cover the deficit left by the expected lower production in ES.

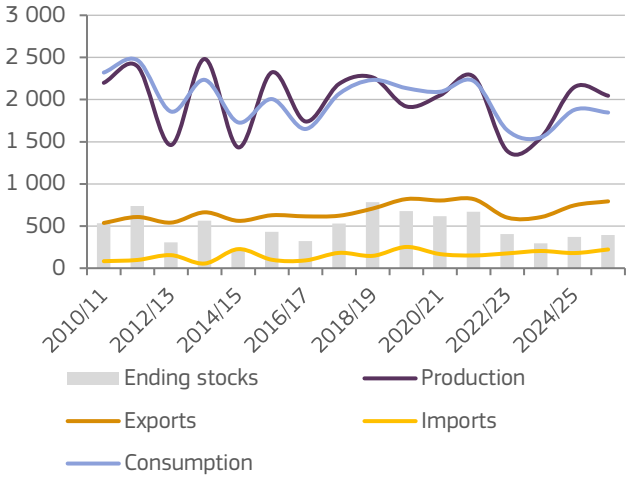
Ending stocks of 2025/26 are expected to be at 394°000°t. For the upcoming season 2026/27, in main EU producing countries, favourable climatic conditions and water availability are expected for the flowering period of the olive groves, anticipating fruitful harvest prospects, if no adverse weather events affect the harvest.

GRAPH 3.1 ES producer prices of different categories of olive oil in 2024/25 and 2025/26 (EUR /100 kg)



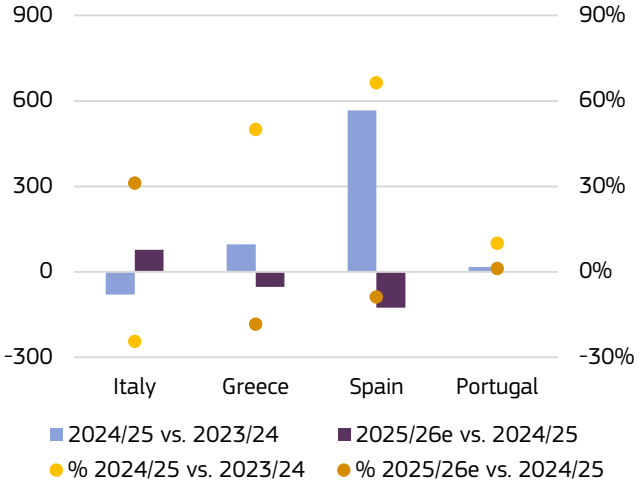
Source: DG Agriculture and Rural Development, based on MS notifications.

GRAPH 3.2 EU olive oil production, consumption, trade and ending stocks (1000 t)



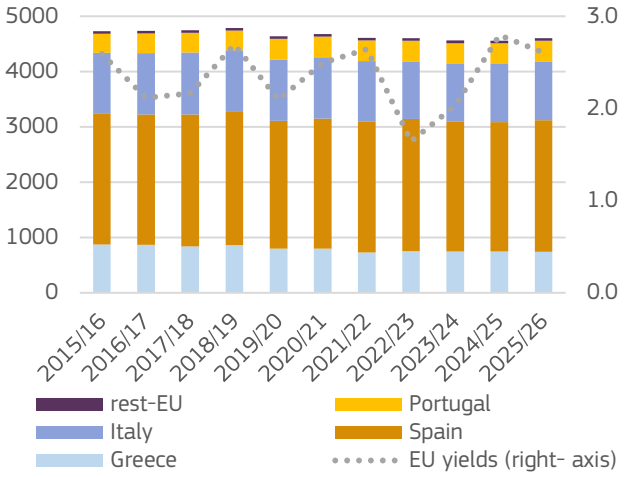
Source: DG Agriculture and Rural Development, based on MS notifications and Eurostat.

GRAPH 3.3 Annual change in olive oil production by main EU producing countries (1000 t)



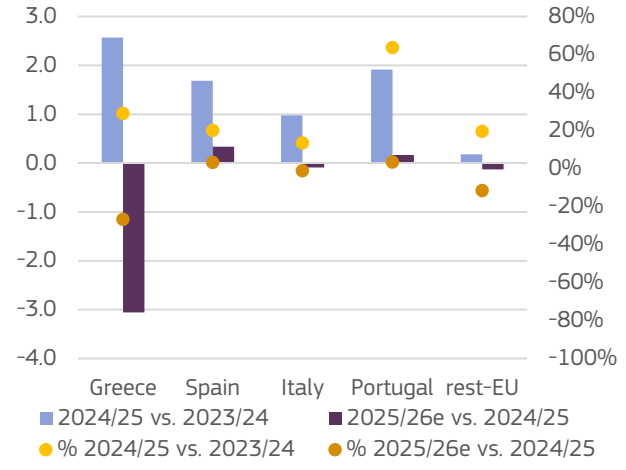
Source: DG Agriculture and Rural Development, based on MS notifications.

GRAPH 3.4 Olives for oil area in 1000 ha and EU yields in ha/t



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

GRAPH 3.5 Annual change of per capita olive oil consumption by main EU producing countries (kg/capita)



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

GRAPH 3.6 Olive oil trade by main EU producing countries between October-April for 2024/25 and 2025/26 in %

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

4. MILK AND DAIRY PRODUCTS

KEY MESSAGES

EU milk supply continues increasing in 2026, with limited growth expected for the second half of the year

EU butter and skimmed milk powder production still benefits from increased milk supply in 2026

EU cheese and whey exports are expected to remain resilient amid uncertainties from geopolitical tensions in the Middle East

EU milk supply increased significantly in the last 12 months. After a sharp increase in the second half of 2025, the year-on-year increase was above 4% in the first 4 months of 2026. With a continued decrease in the number of dairy cows, the expansion can be attributed to improved milk yields. Multiple factors contributed to the productivity increase in 2025: good weather conditions resulting in higher feed availability and quality, above average grassland conditions in major grassland-based production areas and sufficiently large farm margins. If the current favourable grassland conditions would not deteriorate, milk yields are expected to further increase also in 2026 (+2.4%). Increasing fat and protein content have further contributed and can continue to contribute to the **expansion in milk solids availability for the dairy industry**.

Starting from the last quarter of 2025, EU raw milk prices decreased as the market adjusted to the increased supply. Currently, prices show signs of stabilization, but an increasing prospect for input costs overall due to the impact of geopolitical tensions in the Middle East puts pressure on farm margins, **likely limiting the growth in the EU milk supply in the second half of 2026**. In 2026, EU milk production is expected to increase at a similar rate as last year (+1.6%), driven by the development in DE, NL, FR, BE and PL, where milk collection continued increasing strongly in 2026Q1.

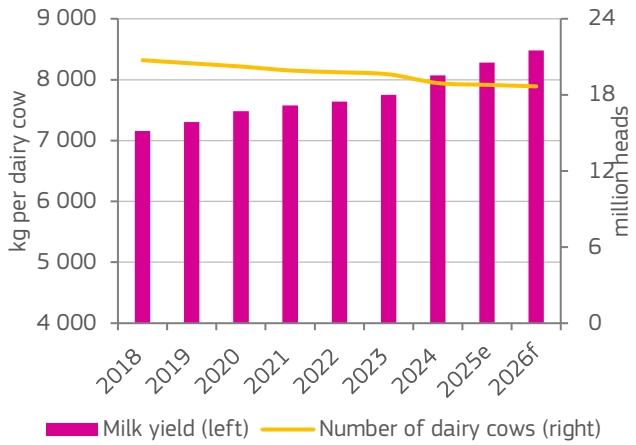
EU demand for dairy products remains resilient, but uncertainty prevails for the second half of 2026 due to the input costs of dairy processors (including e.g. energy, transportation and packaging costs) likely remaining elevated and being partly transmitted to consumer prices, while higher energy prices can drive up general food inflation.

Higher raw milk availability increased butter, cheese and SMP production in 2025. SMP exports largely increased in 2025Q4 and 2026Q1, but tensions in the Middle East restrict current EU exports to the region and beyond. Over the whole year, SMP production (+6.9%) and exports can increase year-on-year (+5%). Butter processing also benefited from the additional milk supply, although facing competition with NZ and US butter on key markets. Therefore, a large share of the additional butter production in 2025 was retained on the domestic market or went into stocks. Due to **more competitive** prices, EU butter exports can increase in 2026 (+5%), while the domestic use can expand less than in last year (+6.4% vs. +7.5% in 2025).

Cheese and whey production also have been benefitting from increased milk supply, while processors are working at full capacities in the first half of 2026. **Cheese production can increase** in 2026 at a similar rate to last year (+1.8% vs. +1.7% in 2025), relying on domestic use, while exports are unlikely to increase significantly in volumes (+0.5%). EU whey production can also grow (+1.4%), with global demand supporting an increase in EU exports (+1.7%).

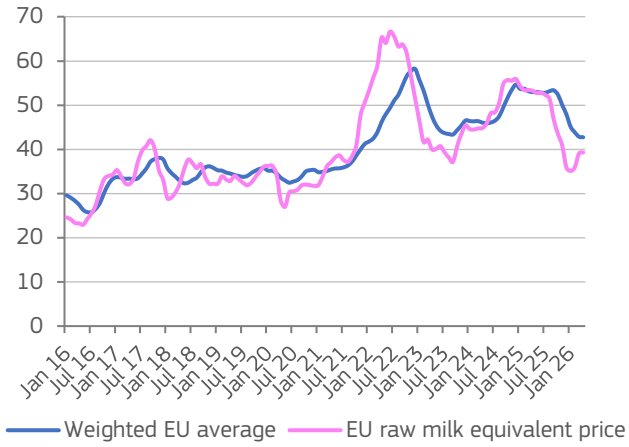
EU WMP production decreased in 2025 (-8.6%) and in the first months of 2026, while exports fell (-15%). **The decline in WMP production and export will likely continue in 2026** (-3.1% and -5%, respectively), also due to currently weak demand in the Middle East region. FDP production likely continues to decline (-0.6%), driven by drinking milk. On the other hand, the strong demand for yogurt and cream supports an increase in their supply.

GRAPH 4.1 EU dairy cow herd and milk yields



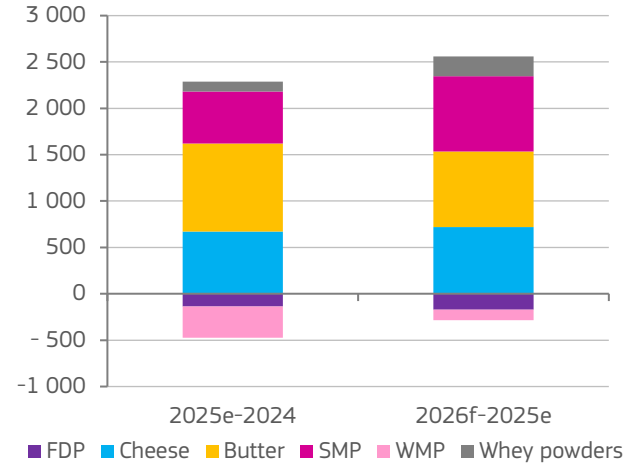
Source: DG Agriculture and Rural Development.

GRAPH 4.2 EU monthly cow's raw milk price (EUR/100kg)



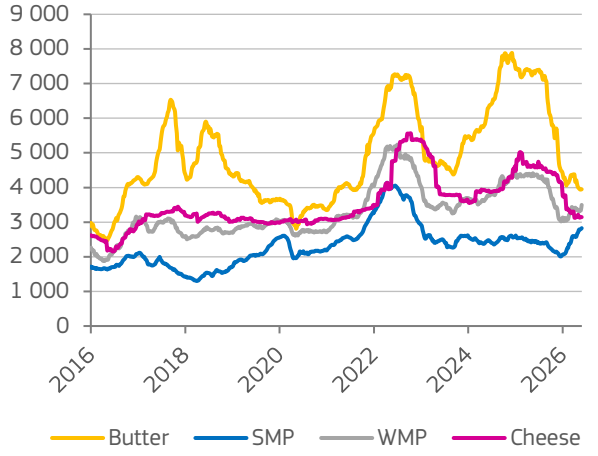
Source: DG Agriculture and Rural Development.

GRAPH 4.3 Annual change in EU production of dairy products (1000 t of milk eq.)



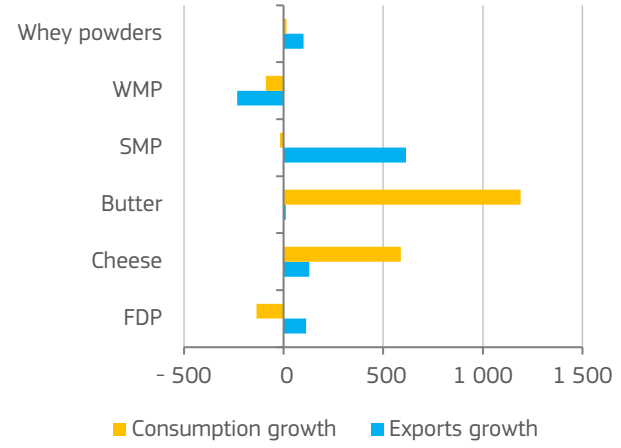
Source: DG Agriculture and Rural Development.

GRAPH 4.4 EU dairy commodity prices (EUR/t)



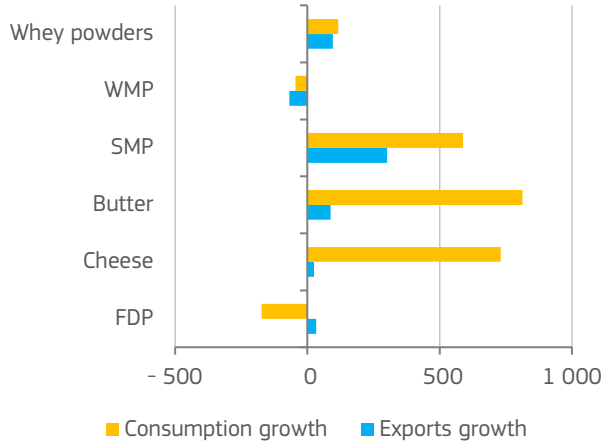
Source: DG Agriculture and Rural Development.

GRAPH 4.5 Annual change EU exports and consumption in 2025e (1000 t of milk eq.)



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

GRAPH 4.6 Annual change EU exports and consumption in 2026f (1000 t of milk eq.)



Source: DG Agriculture and Rural Development.

5. MEAT PRODUCTS

KEY MESSAGES

Growth in pigmeat (+0.3%) and poultry production (+1.4%) in 2026

Continuation of declining herds in 2026 leads to less beef (-2.2%) and sheep and goat meat production (-4.4%) and higher imports

EU per capita meat consumption remains robust despite high prices

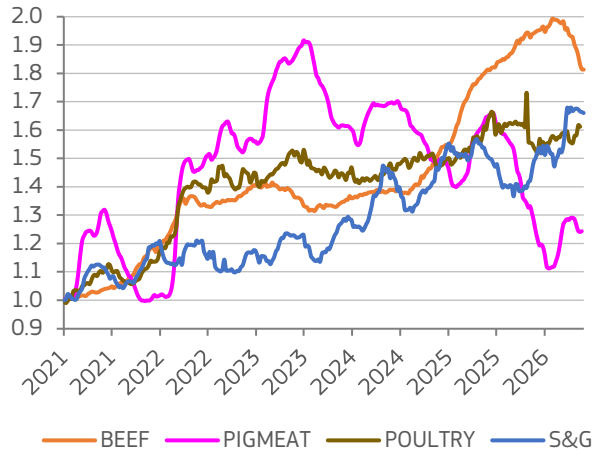
EU **beef** production declined in 2025 (-4.1%) and between Jan-Feb 2026 (-4%), with output falling in most EU countries with fewer heads slaughtered (-6.2%) but higher carcass weights. The structural decline in the cow herd drives a decline in EU beef production by an expected 2.2% in 2026 and could fall further in 2027. Beef prices declined early 2026, but will stay high this year due to persistent supply constraints, indicating some consumers shifting away from costly beef. Shortage in supply and high prices are expected to lead to lower beef meat (-12%) and live exports (-18%) in 2026. EU beef meat exports to the UK are expected to decline as Australian supply increases to the UK market. After a strong decline in live cattle exports in 2025 (-37%) linked to Türkiye, a further drop is expected in 2026 due to lower availability and declining exports to the Middle East because of geopolitical tensions. Imports are expected to rise by 12%, driven by inflows from South America following the MERCOSUR agreement's entry into force. However, If the EU suspends Brazilian imports from September due to non-compliance with antimicrobial rules in animal production, beef and poultry imports may decline.

EU **pigmeat** production is forecast to remain relatively stable (+0.3%) in 2026, after 2 years of increasing production, in line with the increase in sow herd (+0.6%) seen in December 2025. Until February this year, production grew by 0.2% with increases in several main producing countries (DK, ES, PL, and FR). The ASF outbreak in ES at the end of 2025 led to a decline in pigmeat prices but has not led to a decline in EU pigmeat exports at the start of 2026 (+3% Jan-Apr). However, EU exports of pigmeat are forecast to fall slightly in 2026 (-0.5%). China's anti-dumping tariffs, rising domestic output, and Brazilian competition in Asia will unlikely offset early-2026 export growth to Korea and Vietnam, despite market pressures. Consumption is forecast to slightly increase (+0.4%) supported by lower prices, more availability on the EU market and with some price-sensitive consumers expected to trade down.

EU **poultry** production is expected to grow by 1.4% in 2026 with continuous demand growth (+2.1% in 2026), and favourable margins supported by high poultry prices. In Jan–Feb 2026, production increased (+3.5%), however forecasts stay cautious due to Middle East tensions potentially disrupting output and freight costs. The geopolitical tensions seem to already have an impact on EU exports, which are forecast to decline by 2% in 2026 after poultry exports declined by 1% until April this year. Prices and strong EU demand are driving up EU imports from different parts of the world (+7% in the first 4 months of 2026), from Brazil, Thailand, and Ukraine. Total EU imports are forecast to increase by 4% with the implementation of the MERCOSUR agreement this year and strong demand from the foodservice sector and industry.

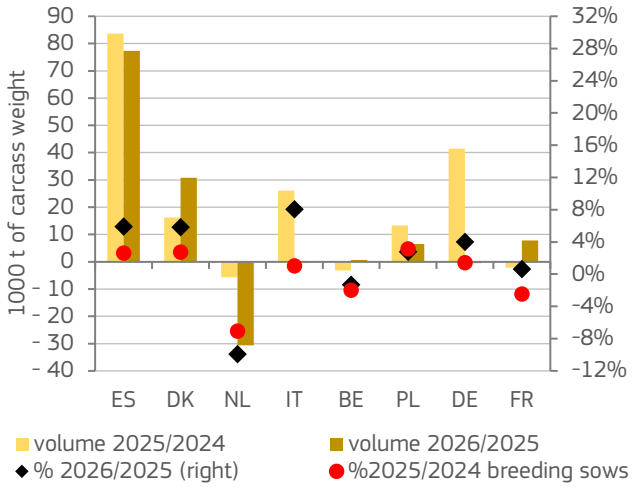
A shrinking EU sheep flock and ongoing challenges from animal diseases lead to a decline in the forecast for **sheep and goat meat** production in 2026 (-4.4%). Sustained demand and high domestic prices are forecast to keep imports high (+7% in 2026) which is visible in the EU imports from the UK in Jan-Apr (+10%) and New Zealand (+26%) who increased shipments to the EU. Meat exports are set to fall 3% in 2026 due to weak global price competitiveness and reduced UK demand, favouring Australian sheep meat. Live exports may drop 15%, driven by Morocco halting Spanish lamb imports and lower Middle East shipments.

GRAPH 5.1 Meat prices index (1/2021 = 1)



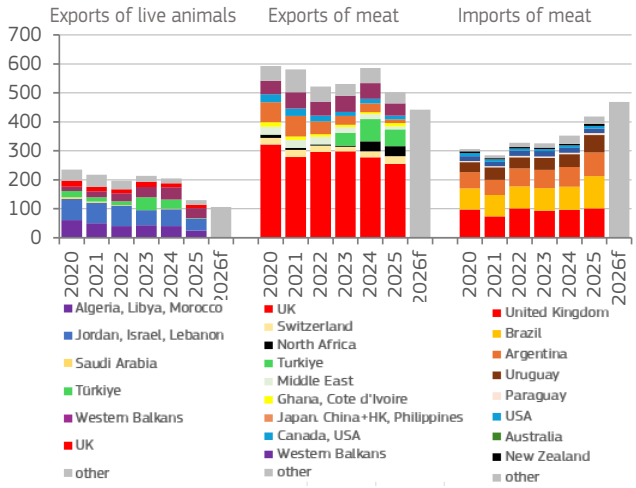
Source: DG Agriculture and Rural Development.

GRAPH 5.2 Changes in pigmeat production (Jan-Mar) and sow herd in selected EU countries



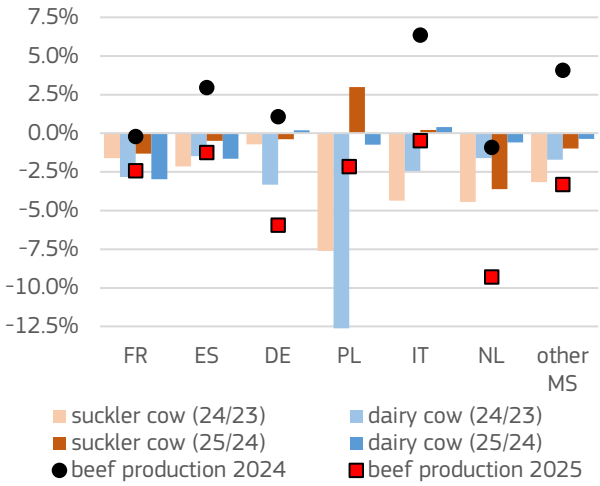
Source: DG Agriculture and Rural Development.. Note: data for PL up to February.

GRAPH 5.3 EU beef and veal trade by main partner (1 000 t)



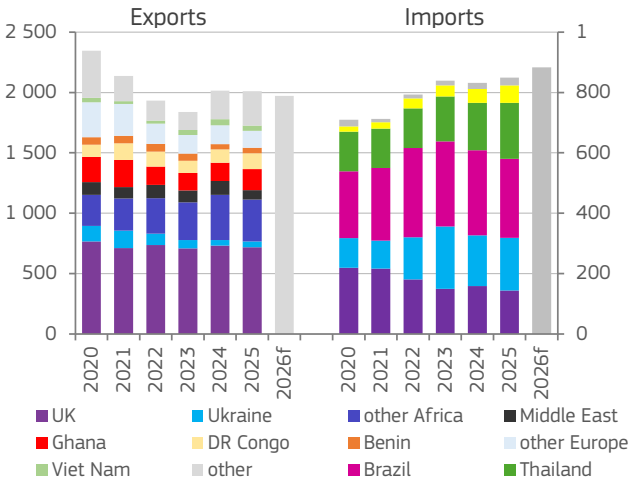
Source: DG Agriculture and Rural Development.

GRAPH 5.4 Relative changes in beef production and herd



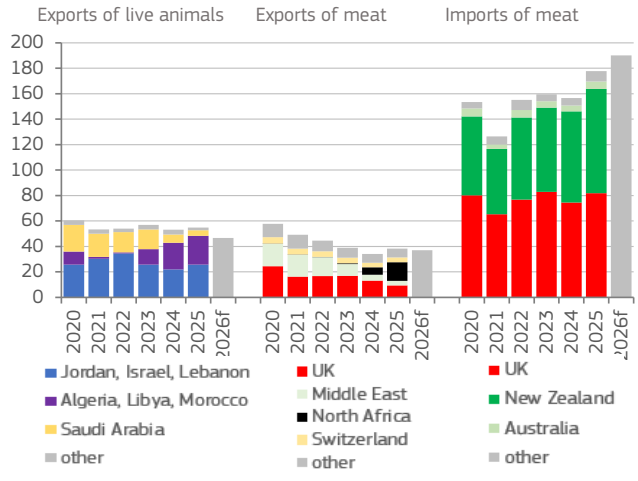
Source: DG Agriculture and Rural Development.

GRAPH 5.5 EU poultry trade by main partners (1 000 t)



Source: DG Agriculture and Rural Development.

GRAPH 5.6 EU sheep and goat trade by main partner (1 000 t)



Source: DG Agriculture and Rural Development.

ONLINE ANNEX

All available years of all EU balance sheets are visualised in Agri-food data portal, in the form of downloadable tables and visualized in graphs.

The balance sheets are based on analyses of economic analysts and market experts in DG Agriculture and Rural development, using market information and data available until mid-June 2026. Please consult the methodology for more details.

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

Eurostat

- Agricultural production yearly for historical data and monthly data for previous and current year for meat and dairy products
- Agricultural production and harvested area yearly for historical data for arable crops and for olives for oil
- Farm livestock survey
- Early estimates for crop products
- Harmonised Index of Consumer Prices (HICP)
- COMEXT database (extra and intra-EU trade statistics)[3]

ISAMM (Information System for Agricultural Market Management and Monitoring) notifications by Member States

- Monthly milk collection, milk fat and milk protein
- Annual olive oil and white sugar production
- Annual ending stocks of olive oil and white sugar
- Weekly and monthly EU producer prices

JRC-MARS:

- Estimates for yields (cereals, oilseeds, sugar beet)

European Commission Annual Macro-economic database of the European Commission (AMECO)

- Gross Domestic Product
- Inflation
- Population data

S&P Global

- Data Insight database
- Commodity Price Watch

World Bank, Commodity Markets

Trade Data Monitor (global trade statistics)

Production forecast for current and next year is based on different data source depending on the sector. Cereals, oilseeds and protein crops production forecast is based 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[4]). Meat production is based on expert forecasts of Gross Indigenous Production (in heads). Dairy production is based on monthly milk deliveries. The estimated and forecast external trade figures are derived from the latest monthly data available by applying trends and annual production patterns.

Trade forecast is based on the latest COMEXT data available until 15th of the month preceding the publication date. If applicable, weekly TAXUD reports are used to accompany this database.

Trade data of EU-UK flows: 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

[3] 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.

[4] http://mars.jrc.ec.europa.eu/mars/About-us/AGRI4CAST/Crop-Monitoring-and-Yield-Forecasting

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. The weight of flows from/to Northern Ireland or Great Britain on the EU figures could differ depending on the market.

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 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 2024. 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).

ARABLE CROPS

Figures for the marketing years 2025/26 and 2026/27 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, the 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 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 taking into account the forecast production of animal products. Forecast is based on information about the ethanol production development. Stocks are closing the balance for cereals[5]. 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 rapeseed, soybean 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, 88-91% for soybean and 85 – 89% for sunflower seeds. 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 rapeseed meal, 79% for soybean meal and 55% for sunflower meal and 41% for rapeseed oil, 20% for soybean oil and 42% for sunflower oil.

Sugar

For sugar beet area, yields 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

[5] 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.

into sugar[6] 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 equivalents (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.

SPECIALISED CROPS

Olive oil

The balance sheet is based on a campaign starting with the harvest: October/September. Historical area values are based on Eurostat.

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.

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 2025 is based on Eurostat annual statistics, with estimates for 2023 based on the available monthly statistics from *ISAMM notifications*. Forecast for 2026 are 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 availability of total milk fat and proteins through a 'residual approach'.

2025 and 2026 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.

[6] Sugar beet production processed directly into ethanol is not accounted for in the white sugar production.

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.

The EU raw milk equivalent price reported in the Milk and dairy chapter does not represent the actual price paid to farmers at the farm gate. Instead, it is a price indicator calculated with a theoretical model, using the price and butter and SMP to reflect the value of fat and protein content of the raw milk.

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[7].

Production forecasts for 2026 are based on annual and monthly data on slaughtering, current market developments, MS expert forecast, and the trends in livestock numbers and meat consumption patterns, and compared to the annual/monthly slaughterings in the previous year. Net production refers to data on slaughtering taking place in the registered slaughterhouses as well as in other establishments. The other slaughtering is 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.

[7] 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.

FINDING INFORMATION ABOUT THE EU

Online

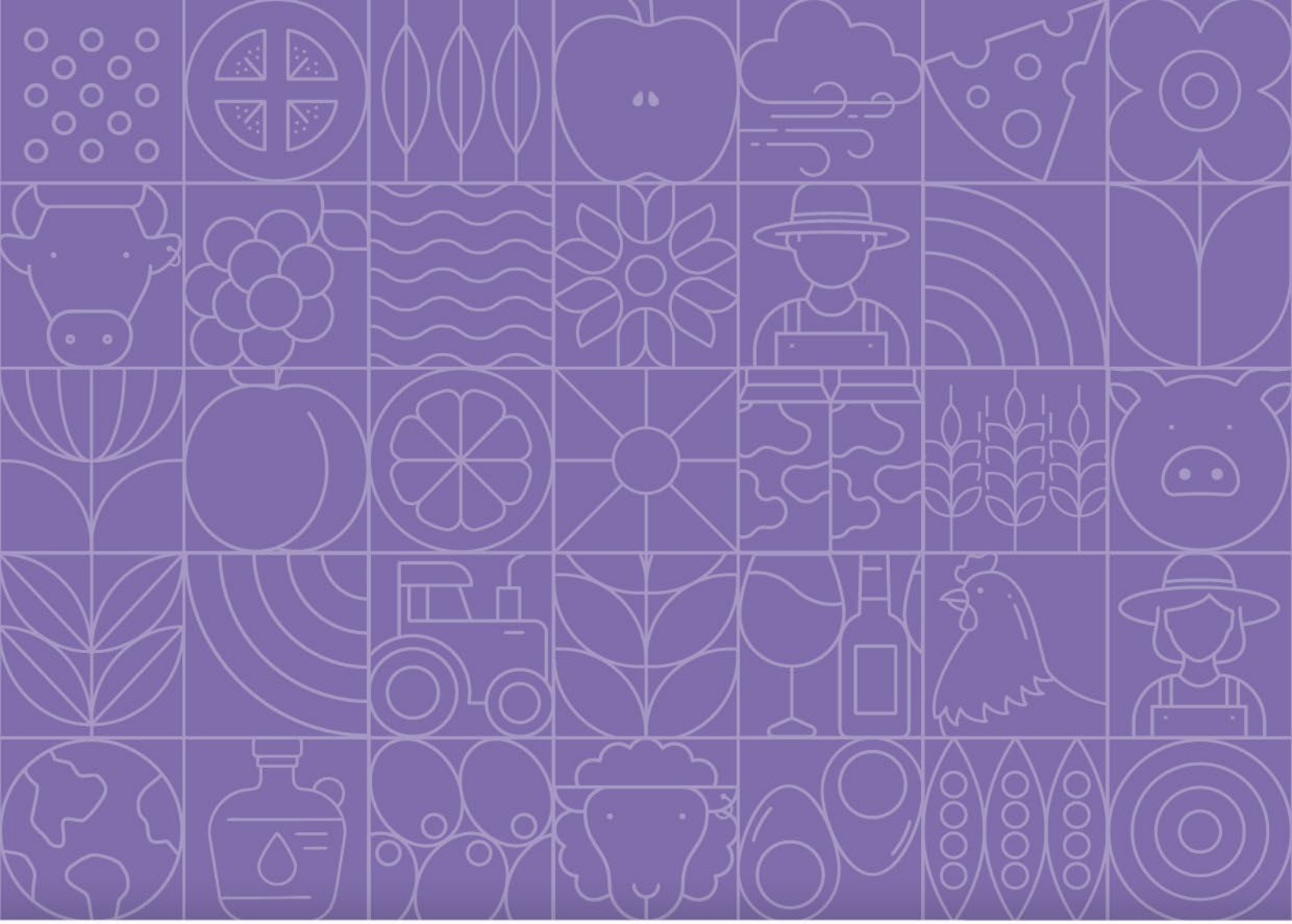
Information about the European Union in all the official languages of the EU is available on the Europa website at: https://europa.eu/european-union/index_en

EU publications

You can download or order free and priced EU publications from: https://publications.europa.eu/en/publications.

Multiple copies of free publications may be obtained by contacting Europe Direct or your local information center:

(see https://europa.eu/european-union/contact_en).



@EUAgri

#AgriOutlook

Short-term (europa.eu)

Publications Office
of the European Union

ISSN 2600-0873