

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Grain and Feed

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Report Highlights:

Most recent industry estimates forecast Italian MY 2010/2011 wheat production at 6.5 MMT (2.9 of soft wheat and 3.6 of durum wheat), barley at 961,000 MT and corn at 8.6 MMT. This is partly due to wet and stormy weather conditions during the months of May and June which have disrupted the harvesting and affected crop yields and quality.

General Information:

Most recent industry estimates forecast Italian MY 2010/2011 wheat production at 6.5 MMT (2.9 of soft wheat and 3.6 of durum wheat), barley at 961,000 MT and corn at 8.6 MMT. This is partly due to wet and stormy weather conditions during the months of May and June which have disrupted the harvesting and affected crop yields and quality.

In addition, MY 2010/2011 has started with good stock levels due to farmers' waiting for higher prices before selling their MY 2009/2010 production.

Soft wheat

Despite bad weather conditions during the spring time, soft wheat yields and quality are estimated to be similar to those of MY 2009/2010 performances. The 1.7% reduction in planted area created a 1.9% decline in overall production; however the crop showed good protein content.

After the 2008 price surge prices fell to minimum levels forcing farmers to shift to other crops. Right now the wheat market turmoil created by the Russian crisis has made farm gate prices go up, although they are still not high enough to cover all farm production costs. Sometimes profit margins are guaranteed only by CAP direct aid payments. Moreover, the Russian export ban shouldn't affect Italian soft wheat balance sheet. In fact, Italy just imports a limited quantity (around 4%) of soft wheat for animal feed.

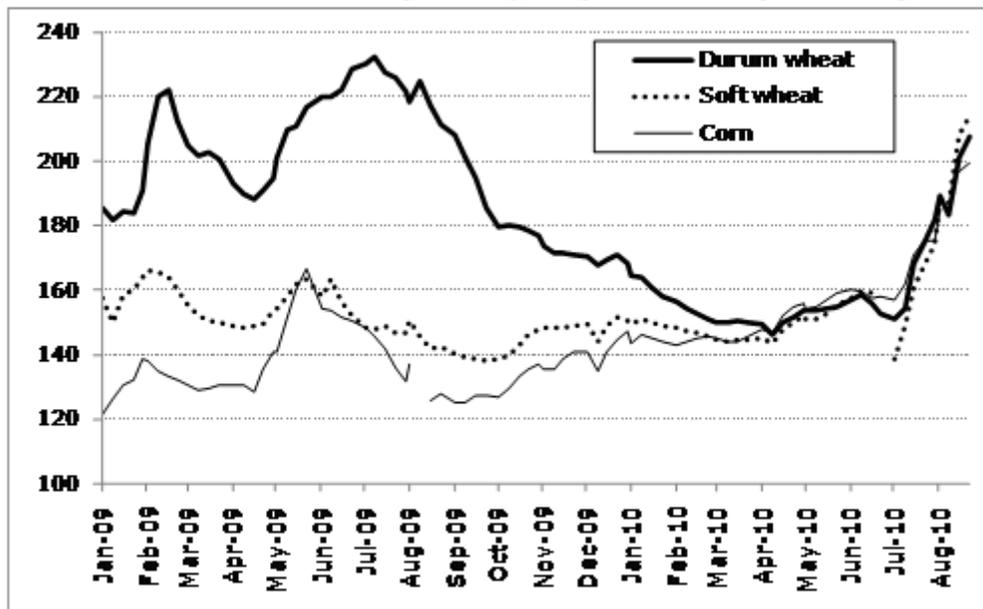
Durum wheat

Lower yields and quality have been recorded so far mainly due to heavy rain during the spring time which forced some farmers to stop cultivating their fields with fertilizers and pesticides. In MY 2010/2011 increasing areas were planted with durum wheat but estimated production is at 3.6 MMT, close to the MY 2009/2010 harvest. In addition the protein and gluten content are definitely lower than in previous years. Nevertheless, prices are rising following the soft wheat price increase trend which took place after the Russian ban.

Corn

In MY 2010/2011 corn planted in Italy is expected to drop slightly in favor of soybean but high yields (9-9.5 MT/ha on average) coming from good summer weather conditions should allow for an increase in production compared to MY 2009/2010. However, heavy rain during the spring time has delayed the harvest which is still a few weeks away and attention on weather conditions remains strong. Demand is not expected to change in MY 2010/2011 but increasing land is being dedicated to energy crops.

Italian main cereals weekly farm gate price trend (Euro/MT)



Source: ISMEA.

PSD tables

| Wheat total | Estimate | Estimate | Forecast |
|------------------------------|----------------|----------------|----------------|
| | 2008/09 | 2009/10 | 2010/11 |
| Marketing Year Begins | 07/2008 | 07/2009 | 07/2010 |
| Area | 2,289 | 1,822 | 1,907 |
| Beginning Stocks | 1,670 | 2,264 | 1,686 |
| Production | 8,859 | 6,535 | 6,466 |
| Intra EU27 imports | 3,501 | 3,900 | 3,850 |
| Extra EU27 imports | 2,237 | 2,600 | 2,450 |
| Total imports | 5,738 | 6,500 | 6,300 |
| TOTAL SUPPLY | 16,267 | 15,299 | 14,452 |
| Intra EU27 exports | 1,743 | 1,810 | 1,700 |
| Extra EU27 exports | 1,050 | 920 | 910 |
| Total exports | 2,793 | 2,730 | 2,610 |
| Food | 8,817 | 8,855 | 8,800 |
| Seed | 543 | 428 | 404 |
| Industrial | 250 | 250 | 250 |
| Feed | 1,600 | 1,350 | 1,400 |
| TOTAL consumption | 11,210 | 10,883 | 10,854 |
| Ending Stocks | 2,264 | 1,686 | 988 |
| TOTAL DISTRIBUTION | 16,267 | 15,299 | 14,452 |

| Soft wheat | Estimate | Estimate | Forecast |
|---------------------------|--------------|--------------|--------------|
| | 2008/09 | 2009/10 | 2010/11 |
| Marketing Year Begins | 07/2008 | 07/2009 | 07/2010 |
| Area | 702 | 568 | 559 |
| Beginning Stocks | 570 | 600 | 686 |
| Production | 3,746 | 2,929 | 2,872 |
| Intra EU27 imports | 2,819 | 3,400 | 3,300 |
| Extra EU27 imports | 1,205 | 1,200 | 1,100 |
| Total imports | 4,024 | 4,600 | 4,400 |
| TOTAL SUPPLY | 8,340 | 8,129 | 7,958 |
| Intra EU27 exports | 111 | 110 | 100 |
| Extra EU27 exports | 27 | 20 | 10 |
| Total exports | 138 | 130 | 110 |
| Food | 5,609 | 5,605 | 5,600 |
| Seed | 143 | 108 | 110 |
| Industrial | 250 | 250 | 250 |
| Feed | 1,600 | 1,350 | 1,400 |
| TOTAL consumption | 7,602 | 7,313 | 7,360 |
| Ending Stocks | 600 | 686 | 488 |
| TOTAL DISTRIBUTION | 8,340 | 8,129 | 7,958 |

| Durum wheat | Estimate | Estimate | Forecast |
|---------------------------|--------------|--------------|--------------|
| | 2008/09 | 2009/10 | 2010/11 |
| Marketing Year Begins | 07/2008 | 07/2009 | 07/2010 |
| Area | 1,587 | 1,254 | 1,348 |
| Beginning Stocks | 1,100 | 1,664 | 1,000 |
| Production | 5,113 | 3,606 | 3,594 |
| Intra EU27 imports | 682 | 500 | 550 |
| Extra EU27 imports | 1,032 | 1,400 | 1,350 |
| Total imports | 1,714 | 1,900 | 1,900 |
| TOTAL SUPPLY | 7,927 | 7,170 | 6,494 |
| Intra EU27 exports | 1,632 | 1,700 | 1,600 |
| Extra EU27 exports | 1,023 | 900 | 900 |
| Total exports | 2,655 | 2,600 | 2,500 |
| Food | 3,208 | 3,250 | 3,200 |
| Seed | 400 | 320 | 294 |
| Industrial | 0 | 0 | 0 |
| Feed | 0 | 0 | 0 |
| TOTAL consumption | 3,608 | 3,570 | 3,494 |
| Ending Stocks | 1,664 | 1,000 | 500 |
| TOTAL DISTRIBUTION | 7,927 | 7,170 | 6,494 |

| Corn | Estimate | Estimate | Forecast |
|---------------------------|---------------|---------------|---------------|
| | 2008/09 | 2009/10 | 2010/11 |
| Marketing Year Begins | 10/2008 | 10/2009 | 10/2010 |
| Area | 992 | 916 | 860 |
| Beginning Stocks | 1,100 | 1,300 | 650 |
| Production | 9,723 | 7,884 | 8,600 |
| Intra EU27 imports | 1,770 | 2,000 | 2,100 |
| Extra EU27 imports | 292 | 300 | 300 |
| Total imports | 2,062 | 2,300 | 2,400 |
| TOTAL SUPPLY | 12,885 | 11,484 | 11,650 |
| Intra EU27 exports | 23 | 80 | 20 |
| Extra EU27 exports | 37 | 20 | 20 |
| Total exports | 60 | 100 | 40 |
| Food | 200 | 200 | 200 |
| Seed | 30 | 34 | 26 |
| Industrial | 950 | 900 | 900 |
| Feed | 10,345 | 9,600 | 9,684 |
| TOTAL consumption | 11,525 | 10,734 | 10,810 |
| Ending Stocks | 1,300 | 650 | 800 |
| TOTAL DISTRIBUTION | 12,885 | 11,484 | 11,650 |

| Sorghum | Estimate | Estimate | Forecast |
|---------------------------|------------|------------|------------|
| | 2008/09 | 2009/10 | 2010/11 |
| Marketing Year Begins | 07/2008 | 07/2009 | 07/2010 |
| Area | 39 | 40 | 40 |
| Beginning Stocks | | 0 | 0 |
| Production | 225 | 243 | 250 |
| Intra EU27 imports | 18 | 20 | 20 |
| Extra EU27 imports | 89 | | |
| Total imports | 107 | 20 | 20 |
| TOTAL SUPPLY | 332 | 263 | 270 |
| Intra EU27 exports | 5 | 8 | 5 |
| Extra EU27 exports | | | |
| Total exports | 5 | 8 | 5 |
| Food | | | |
| Seed | 1 | 1 | 1 |
| Industrial | | | |
| Feed | 326 | 254 | 264 |
| TOTAL consumption | 327 | 255 | 265 |
| Ending Stocks | | | |
| TOTAL DISTRIBUTION | 332 | 263 | 270 |

| Oat | Estimate | Estimate | Forecast |
|---------------------------|------------|------------|------------|
| | 2008/09 | 2009/10 | 2010/11 |
| Marketing Year Begins | 07/2008 | 07/2009 | 07/2010 |
| Area | 148 | 134 | 117 |
| Beginning Stocks | 40 | 40 | 40 |
| Production | 356 | 314 | 285 |
| Intra EU27 imports | 22 | 30 | 30 |
| Extra EU27 imports | 3 | | |
| Total imports | 25 | 30 | 30 |
| TOTAL SUPPLY | 421 | 384 | 355 |
| Intra EU27 exports | | | |
| Extra EU27 exports | | | |
| Total exports | 0 | 0 | 0 |
| Food | 54 | 54 | 54 |
| Seed | 38 | 34 | 34 |
| Industrial | | | |
| Feed | 289 | 257 | 257 |
| TOTAL consumption | 381 | 345 | 345 |
| Ending Stocks | 40 | 40 | 40 |
| TOTAL DISTRIBUTION | 421 | 385 | 385 |

Abbreviations and definitions used in this report:

Ha Hectare; 1 ha = 2.471 acres

MT Metric ton = 1,000 kg

MS EU member state(s)

MY = Marketing Year. Post and USDA official data both follow the EU local marketing year of July to June except for corn which follows an October to September calendar.

Sources used in this report:

Istat Istituto Statistico Italiano/Italian statistical center

ISMEA Istituto di Servizi per il Mercato Agricolo Alimentare/Center providing services for the agricultural and food market