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Crop update - France and Germany feel the heat

Report Categories:

Grain and Feed

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Report Highlights:

With significantly less rainfall than normal recorded in the past three months in the key growing areas in France, Germany and the UK, farmers are reported to be increasingly concerned about both grain yield and quality, particularly in north western France. As such, the EU27 grain crop forecast is now revised downward to 277 MMT. The focus firmly remains on the EU ending stock number despite a reduction in forecast feed and industrial grain usage and in exports.

General Information:
Introduction

Unless stated otherwise, data in this report is based on the views of Foreign Agricultural Service analysts in the EU27 and is not official USDA data.

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HA = Hectares
MT = Metric Tonne
MY = Marketing Year. Post and USDA official data both follow the EU27 local marketing year of July to June except for corn which follows an October to September calendar
TY = July to June for wheat and October to September for coarse grains

Executive Summary

While much of the EU27 is experiencing favorable weather for crop development, a lack of rain in the major producing countries of France, Germany and the UK means forecast total grain production in MY2011/12 is now revised downward to 277 MMT. Within this total, wheat and barley production are both reduced while other grain production remains unchanged. Should the dry conditions continue in the affected countries then yields will likely be further reduced and not just for wheat and barley but also for other grains, notably corn in France.

Spain, Hungary, Romania and Bulgaria are all reporting excellent growing conditions; following a very wet planting season in Italy, recent weather has been favorable for crop development; and while it has been unusually dry in Scandinavia, the grain crop there is also reported to be developing well. Even Greece reports that there are no undue concerns for the grain crop. In contrast, France, Germany and the UK have all experienced some of the driest conditions on record in March, April and May. Not only has this dried soils but it has also limited the efficiency of fertilizer applications. With only 10 percent of the UK grain crop planted on light soils, while the dry conditions are of some concern, the crop is showing some resilience, albeit both yield and quality are expected to be below average. The situation is much more serious in France, particularly in the north west of the country, where the dry conditions mean that nearly 5 MMT has been taken off the wheat production forecast in the past two months and 1 MMT from the barley production forecast. Germany has also experienced a very dry period since March, and not just in the areas traditionally prone to drought, such that wheat and barley production is now forecast 2 MMT and 1 MMT, respectively, lower than two months ago.

The reduction in the EU27 grain production number sees the forecasts for both wheat and barley usage as feed revised lower, despite an increase in forecast feed wheat imports. Indeed, questions surrounding forage availability, particularly in France, are on the increase. Wheat usage in the industrial sector is also reduced following the announcement by Ensus that they are temporarily closing their UK wheat biofuels plant (with an annual capacity of 1.2 MMT) for up to four months, citing the high cost of feedstock. Finally, the EU27 wheat export forecast is lowered due to the reduced availability, an expectation of higher domestic prices and increased competition from Black Sea origin supplies. None of these developments do anything to lessen the focus on the tight EU27 grain stock situation.

Wheat EU-27	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: Jul 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	25,784	25,814	25,940	25,900	25,897	26,000
Beginning Stocks	18,937	18,937	15,942	15,804	11,705	11,454
Production	138,601	138,662	135,763	135,650	138,615	133,500
MY Imports	5,519	5,519	4,500	4,500	6,000	6,500
TY Imports	5,519	5,519	4,500	4,500	6,000	6,500
TY Imp. from U.S.	545	545	0	0	0	0
Total Supply	163,057	163,118	156,205	155,954	156,320	151,454
MY Exports	22,115	22,115	22,000	22,000	18,000	17,000
TY Exports	22,115	22,115	22,000	22,000	18,000	17,000
Feed and Residual	57,500	57,500	53,000	53,000	55,000	53,000
FSI Consumption	67,500	67,699	69,500	69,500	70,000	69,500
Total Consumption	125,000	125,199	122,500	122,500	125,000	122,500
Ending Stocks	15,942	15,804	11,705	11,454	13,320	11,954
Total Distribution	163,057	163,118	156,205	155,954	156,320	151,454
1000 HA, 1000 MT, MT/HA						

Barley EU-27	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: Jul 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	13,947	13,946	12,530	12,500	12,494	12,500
Beginning Stocks	10,916	10,916	15,405	15,474	7,197	8,074
Production	62,022	62,019	53,142	53,000	53,899	52,500
MY Imports	101	101	150	100	150	100
TY Imports	66	66	150	100	150	100
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	73,039	73,036	68,697	68,574	61,246	60,674
MY Exports	1,134	1,134	4,500	4,500	2,500	2,500
TY Exports	2,389	2,389	4,600	4,600	2,500	2,500
Feed and Residual	41,500	41,500	42,000	41,000	38,500	38,000
FSI Consumption	15,000	14,928	15,000	15,000	15,000	15,000
Total Consumption	56,500	56,428	57,000	56,000	53,500	53,000
Ending Stocks	15,405	15,474	7,197	8,074	5,246	5,174
Total Distribution	73,039	73,036	68,697	68,574	61,246	60,674
1000 HA, 1000 MT, MT/HA						