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Crop update - good summer buoys supplies but balance remains tight

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Grain and Feed

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Report Highlights:

With some Member States starting to publish provisional harvest estimates for 2013 and with much improved weather in the summer months, the total MY2013/14 EU-28 grain crop is revised up to 301 MMT, 2 MMT above previous expectations and the largest harvest since the record crop of 2008. Both the barley and rye harvests are over 0.5 MMT up on previous estimates. Larger than previously forecast wheat and oats crops are also now expected. The corn harvest forecast is unchanged although this masks mixed fortunes for the crop in a number of Member States. The focus is now turning to usage within the EU-28 and the implications for trade.

General Information

Unless stated otherwise, data in this report is based on the views of Foreign Agricultural Service analysts in the EU-28 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 EU-28 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

With some Member States starting to publish provisional harvest estimates for 2013, the total MY2013/14 EU-28 grain crop is revised up to 301 MMT. This is 2 MMT more than previously forecast, 23 MMT up on last year and, if achieved, the largest harvest since the record crop of MY2008/09. Within this total, it is the barley and rye harvests which were most significantly up on previous expectations, by 650,000 MT and 750,000 MT, respectively. Larger than previously expected wheat and oats crops are also now forecast, up 350,000 MT and 400,000 MT, respectively. Only the corn crop is forecast unchanged, although this masks mixed fortunes for the crop in a number of Member States. The EU-28 is estimated to have carried just 22.8 MMT of grain stocks into the current marketing year. While the improved harvest will likely see some build up in stocks through MY2013/14, the current focus is on usage and the implications for trade.

Crop specific

A cold, and in parts very wet, spring delayed both crop development and plantings but ultimately the EU-28 grain crop benefitted from the good growing and harvesting conditions over what became a long summer. Indeed, most of the concerns for the crops earlier in the season were soon abated with crops in France and Germany and also in Poland, Hungary, Romania and Bulgaria all benefitting from the excellent conditions. Additionally, the early season wet weather was very beneficial for the crops in Spain. The late harvest this year could have an impact on MY2014/15 but, thus far, good weather has seen plantings commence apace and the sentiment remains positive.

For wheat, the good weather came too late for the reduced wheat area in the UK but the yield was much improved on a year earlier, nearer the long term average, and the quality is described as good. Elsewhere, the weather boded well for wheat yields in France and Germany and also in Poland, Hungary, Romania and Bulgaria. The early season wet weather was also very beneficial for the Spanish wheat crop. Quality is described as generally good. While year-on-year imports are forecast little changed, an increase in Italian third country imports is offset by a decline in the Spanish requirement. On the wheat demand side, total Food, Seed & Industrial (FSI) use is still forecast to fall year-on-year, due to the significantly reduced industrial use in France not being fully offset by marginal increases in the Benelux. The improved availability of feed wheat within the EU-28 will see consumption rise year-on-year, particularly in France and Spain, consumption in the latter having hit bottom in MY2012/13. On third country export markets, EU-28 wheat exports have got off to a prompt start, most notably to Saudi Arabia, Algeria, Egypt and South Korea. France has also reported early season sales to China. Total EU-28 wheat exports are currently forecast to reach 23 MMT in MY2013/14. Indeed, while carry-in stocks from MY2012/13 were just 10 MMT, the demands for EU-28 wheat mean that only a 2.5 MMT increase in stocks is currently forecast through MY2013/14.

For barley, like wheat, the summer saw the fortunes for the crop improve across much of the EU-28. While a number of countries saw their harvest forecasts exceeded, of most note was the record high yield seen in Spain. The increase in EU-28 supplies means third country exports from the two main suppliers, France and Germany, are forecast up, both year-on-year and as compared to previous expectations, at 5.5 MMT. The increase in Spanish supplies is forecast to see higher feed use in that region in MY2013/14. Despite an increase in the forecast use of barley in feed in Ireland and the UK as well, overall EU-28 feed use in MY2013/14 is unchanged, albeit up 1.5 MMT year-on-year. This is mainly due to a reduction in forecast feed use in France which is expected to see a switch to wheat and corn.

Albeit behind the norm in many Member States due to the late planting and slow development of the crop, the corn harvest is now well advanced, making particularly rapid progress in the south and south east, and a clearer picture of the size and quality of the crop is emerging. While it remains the case that a substantial crop is expected in MY2013/14, production in Hungary, France, Germany and Austria is now expected to be significantly below previous expectations while the Romanian and Bulgarian harvests have been revised upwards, the latter to a record high. This has implications for third country exports with the latter two countries together now expected to export around 2.6 MMT of a total EU-28 forecast volume of 3.2 MMT in MY2013/14. It is also worth noting that Poland planted a record area to corn for MY2013/14 but suffered a poor yield and quality, the latter due to its high moisture content. Spain also planted a record area to corn and, while some of the crop is yet to be harvested, early indications are that a good yield has been achieved. This has reduced its likely corn import requirement but the total EU-28 corn import forecast remains unchanged due to an increased import requirement elsewhere, mainly in Portugal and Italy.

Of final note are the rye and oat harvests. Increased rye plantings in Poland and a better than anticipated yield in Germany mean EU-28 MY2013/14 rye production is now expected to achieved 800,000 MT more than previously forecast, and up 1.1 MMT year-on-year. In the UK, the difficult planting conditions for some crops saw a significant increase in the area planted to oats, lifting overall EU-28 production a further 400,000 MT above the previous forecast. In both instances, the additional supplies are expected to lead to increased feed use of these grains.

Policy

The recently published draft Direct Payments Regulation of the Common Agricultural Policy (CAP) Reform proposals includes a new provision that gives EU-28 Member States the option to use two percent of their direct payments to increase farmers' production of vegetable proteins. This could have implications for the feed balance, particularly import requirements, in the future.

Appendices

Wheat PSD

Wheat European Union	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: Jul 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	25,828	25,819	25,823	25,850	26,026	25,800
Beginning Stocks	11,934	11,934	13,817	13,763	8,966	10,056
Production	138,081	138,386	133,049	133,650	142,896	143,250
MY Imports	7,368	7,368	5,300	5,264	5,000	5,000
TY Imports	7,368	7,368	5,300	5,264	5,000	5,000
TY Imp. from U.S.	1,183	1,223	959	953	0	0
Total Supply	157,383	157,688	152,166	152,677	156,862	158,306
MY Exports	16,691	16,691	22,200	22,621	23,000	23,000
TY Exports	16,691	16,691	22,200	22,621	23,000	23,000
Feed and Residual	57,000	57,500	51,000	50,500	53,200	53,500
FSI Consumption	69,875	69,734	70,000	69,500	69,500	69,250
Total Consumption	126,875	127,234	121,000	120,000	122,700	122,750
Ending Stocks	13,817	13,763	8,966	10,056	11,162	12,556
Total Distribution	157,383	157,688	152,166	152,677	156,862	158,306
1000 HA, 1000 MT, MT/HA						

Barley PSD

Barley European Union	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: Jul 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	11,985	11,961	12,525	12,500	12,428	12,300
Beginning Stocks	7,938	7,938	6,184	6,003	4,236	4,728
Production	52,026	51,850	54,572	54,750	58,103	58,750
MY Imports	433	432	100	66	100	100
TY Imports	340	340	100	75	100	100
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	60,397	60,220	60,856	60,819	62,439	63,578
MY Exports	2,983	2,986	4,800	4,941	4,800	5,500
TY Exports	3,621	3,623	4,800	4,950	4,300	5,500
Feed and Residual	36,160	35,800	36,650	36,000	37,500	37,500
FSI Consumption	15,070	15,431	15,170	15,150	15,200	15,200
Total Consumption	51,230	51,231	51,820	51,150	52,700	52,700
Ending Stocks	6,184	6,003	4,236	4,728	4,939	5,378
Total Distribution	60,397	60,220	60,856	60,819	62,439	63,578
1000 HA, 1000 MT, MT/HA						

Corn PSD

Corn European Union	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	9,101	9,105	9,688	9,700	9,500	9,800
Beginning Stocks	5,222	5,222	6,937	6,704	5,876	5,804
Production	68,089	68,154	58,539	58,850	64,996	65,000
MY Imports	6,113	6,114	11,300	11,500	7,500	7,500
TY Imports	6,113	6,114	11,300	11,500	7,500	7,500
TY Imp. from U.S.	9	47	0	0	0	0
Total Supply	79,424	79,490	76,776	77,054	78,372	78,304
MY Exports	3,287	3,287	1,900	2,000	2,500	3,000
TY Exports	3,287	3,287	1,900	2,000	2,500	3,000
Feed and Residual	53,900	54,000	53,000	53,000	53,000	52,500
FSI Consumption	15,300	15,499	16,000	16,250	17,000	17,000
Total Consumption	69,200	69,499	69,000	69,250	70,000	69,500
Ending Stocks	6,937	6,704	5,876	5,804	5,872	5,804
Total Distribution	79,424	79,490	76,776	77,054	78,372	78,304
1000 HA, 1000 MT, MT/HA						

Rye PSD

Rye European Union	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: Jul 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,262	2,237	2,364	2,340	2,536	2,550
Beginning Stocks	1,013	1,013	741	729	631	624
Production	6,900	6,830	8,690	8,650	9,036	9,800
MY Imports	290	290	100	98	100	100
TY Imports	302	302	100	100	100	100
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	8,203	8,133	9,531	9,477	9,767	10,524
MY Exports	58	57	100	113	100	100
TY Exports	59	59	100	100	100	100
Feed and Residual	3,100	3,136	4,400	4,400	4,400	5,000
FSI Consumption	4,304	4,211	4,400	4,340	4,400	4,350
Total Consumption	7,404	7,347	8,800	8,740	8,800	9,350
Ending Stocks	741	729	631	624	867	1,074
Total Distribution	8,203	8,133	9,531	9,477	9,767	10,524
1000 HA, 1000 MT, MT/HA						

Sorghum PSD

Sorghum European Union	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: Jul 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	110	110	111	112	118	122
Beginning Stocks	20	20	13	12	13	10
Production	671	671	485	485	577	580
MY Imports	88	88	350	318	175	175
TY Imports	126	126	350	350	175	175
TY Imp. from U.S.	4	2	0	0	0	0
Total Supply	779	779	848	815	765	765
MY Exports	6	7	5	5	5	5
TY Exports	9	10	5	5	5	5
Feed and Residual	740	740	810	780	730	730
FSI Consumption	20	20	20	20	20	20
Total Consumption	760	760	830	800	750	750
Ending Stocks	13	12	13	10	10	10
Total Distribution	779	779	848	815	765	765
1000 HA, 1000 MT, MT/HA						

Oats PSD

Oats European Union	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: Jul 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,692	2,630	2,667	2,615	2,696	2,650
Beginning Stocks	832	832	905	778	887	775
Production	7,908	7,780	7,882	7,850	8,062	8,450
MY Imports	4	4	5	3	5	5
TY Imports	3	3	5	5	5	5
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	8,744	8,616	8,792	8,631	8,954	9,230
MY Exports	167	167	150	106	150	150
TY Exports	176	176	150	150	150	150
Feed and Residual	5,872	5,928	5,955	6,000	6,100	6,500
FSI Consumption	1,800	1,743	1,800	1,750	1,800	1,750
Total Consumption	7,672	7,671	7,755	7,750	7,900	8,250
Ending Stocks	905	778	887	775	904	830
Total Distribution	8,744	8,616	8,792	8,631	8,954	9,230
1000 HA, 1000 MT, MT/HA						

Mixed Grain PSD

Mixed Grain European Union	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: Jul 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	4,062	4,038	3,950	3,950	4,259	4,150
Beginning Stocks	1,707	1,707	1,299	1,289	829	869
Production	14,392	14,400	14,930	15,000	15,470	15,200
MY Imports	0	0	0	0	0	0
TY Imports	0	0	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	16,099	16,107	16,229	16,289	16,299	16,069
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	13,600	13,600	14,200	14,200	14,400	14,200
FSI Consumption	1,200	1,218	1,200	1,220	1,200	1,220
Total Consumption	14,800	14,818	15,400	15,420	15,600	15,420
Ending Stocks	1,299	1,289	829	869	699	649
Total Distribution	16,099	16,107	16,229	16,289	16,299	16,069
1000 HA, 1000 MT, MT/HA						