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Report Highlights:

The pace of EU grain exports continued through until the end of the MY 2008/09 season, most notably for wheat with current trade data indicating a record 25 MMT was exported. Despite the good progress, the record 2008 harvest means that the EU is still carrying large ending stocks with the 2009 EU grain harvest now well under way. This is now estimated to reach 286.5 MMT, just 26.5 MMT down on last year, and so another large crop. This is marginally up on previous expectations, the revision mainly due to an increase in the expected size of the 2009 EU wheat harvest. Specifically, higher than anticipated yields in France and Germany mean the total wheat crop is now estimated to be 138 MMT, 3MMT up on two months ago. Expectations of the size of the barley harvest remain unchanged at 61 MMT while the corn production forecast is reduced a further 1 MMT to 55.5 MMT. The quality of this year's wheat crop is reported as similar to last year: fair in the west but poor in the east. The barley grain quality is reported to be particularly good in France and Germany but poor further east. Meanwhile, the corn crop is reported to be continuing to develop well but the weather over the next few weeks will be crucial.

General Information:

Introduction

This report presents the outlook for grain and feed, and Production, Supply and Demand (PS&D) forecasts for the Marketing Year (MY) 2009/2010. Unless stated otherwise, data in this report is based on the views of Foreign Agricultural Service analysts in the EU 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 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

Total Grains EU-27	2007			2008			2009		
	2007/08			2008/09			2009/10		
	Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			Market Year Begin: Jul 2009		
	USDA Official	Post Estimate Old	Post Estimate New	USDA Official	Post Estimate Old	Post Estimate New	USDA Official	Post Estimate Old	Post Estimate New
Area Harvested	56,808	56,799	56,799	60,321	60,377	60,377	58,603	58,485	58,485
Beginning Stocks	29,208	29,204	29,208	25,506	29,064	29,052	39,294	46,488	45,598
Production	256,397	256,532	256,582	312,718	312,817	312,817	285,461	284,475	286,475
MY Imports	27,240	27,211	27,240	10,180	9,815	10,172	9,580	9,945	9,930
TY Imports	26,834	27,211	27,240	9,880	9,815	10,172	9,580	9,945	9,930
TY Imp. From U.S.	5,714	0	0	0	0	0	0	0	0
TOTAL SUPPLY	312,845	312,947	313,030	348,404	351,696	352,041	334,335	340,908	342,003

MY Exports	16,903	16,907	16,903	30,310	30,275	30,749	25,305	23,835	22,805
TY Exports	16,950	16,907	16,903	29,805	30,275	30,749	25,305	23,835	22,805
Feed	170,736	167,371	167,820	173,500	170,328	171,089	169,900	168,450	169,700
FSI Consumption	99,700	99,605	99,255	105,300	104,605	104,605	106,700	106,405	106,405
TOTAL consumption	270,436	266,976	267,075	278,800	274,933	275,694	276,600	274,855	276,105
Ending Stocks	25,506	29,064	29,052	39,294	46,488	45,598	32,430	42,218	43,093
Total Distribution	312,845	312,947	313,030	348,404	351,696	352,041	334,335	340,908	342,003
Yield	4.5134	4.5165	4.5174	5.1842	5.1811	5.1811	4.8711	4.8641	4.8983

The pace of EU grain exports continued through until the end of the MY 2008/09 season. Of particular note is the record 25 MMT of wheat exported, of which current trade data indicates over 11 MMT was exported to Algeria, Morocco, Iran and Egypt. Despite the good export progress, the EU has carried significant grain stocks into MY 2009/10 which are weighing on new crop prices.

Total EU grain production for MY2009/10 is currently expected to be 286.5 MMT. Within this total, and as compared to expectations two months ago, wheat production is put at 138 MMT, up 3 MMT – a further decline in the size of the Spanish crop more than outweighed by improved wheat yield expectations in France and Germany. The barley crop is still expected to reach 61 MMT - yields are reported to be particularly good in France and Germany. An increase in the expected planted area in the UK has also improved production expectations there but these changes are offset by declines elsewhere, most notably in Spain. Corn production is now put at 55.5 MMT, down 1 MMT mainly due to revisions to the Italian and French harvest forecasts.

Following the weather concerns expressed two months ago - a dry April in much of Europe, which continued in the west, and an unseasonably wet May, June and July – a dryer August has seen the delayed wheat harvest make good progress. Only in the north of the EU is the harvest still ongoing. Even in the UK, which saw a record late start to harvest, favorable conditions now mean that it is now almost complete. The overall quality of the wheat crop is so far reported to be similar to last season: good in the west but poor in the east. A large proportion of the latter crop is again reported to be of feed quality, particularly in Hungary, Romania, the Czech Republic, Poland and Bulgaria. Insect infestation and rainfall during the harvesting process have been the main factors deteriorating wheat quality in Romania. The reduced application of crop protection and use of uncertified seeds reduced yields in Poland. Although too early to be sure, anecdotal evidence suggests the north EU crop is also of similar quality to last season.

Like wheat, the barley harvest is now all but completed in most of the EU. Quality expectations are improved on two months ago with France and Germany both reporting excellent quality. Although quality elsewhere is less impressive, ample supplies of EU malting barley are expected this season. This will put downward pressure on prices. Even so, with large crops reported in the Near and Middle East, the EU is still expected to see stiff competition from the Black Sea region on export markets.

With the exception of Italy where root worm infestations, particularly in the Po valley, have reduced yields, the corn crop is reported to be developing well, particularly in the north. Recent warm and dry conditions in France may have some negative impact on yields as may the hot conditions currently being experienced in Hungary. The weather over the coming weeks will be crucial.

With the large stock carryover and good size harvest, the ample grain supplies available in the EU this season mean the market's focus is inevitably shifting to the demand side. While industrial use is forecast to rise again in MY 2009/10, mainly due to growth in demand for wheat in the ethanol sector in the likes of the UK, feed use is forecast to decline. With EU wheat exports not expected to hit the highs seen last season, significant ending grain stocks are again forecast for this season.

Appendices

Wheat PSD

Wheat 27	EU-	2007			2008			2009		
		2007/2008			2008/2009			2009/2010		
		Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			Market Year Begin: Jul 2009		
		USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan
				Data			Data			Data
Area Harvested		24,785	24,777	24,777	26,910	26,934	26,934	25,866	25,800	25,800
Beginning Stocks		14,075	14,075	14,075	12,445	16,112	16,112	19,083	26,332	24,332
Production		120,235	120,212	120,212	151,638	151,720	151,720	136,293	135,000	138,000
MY Imports		6,942	6,942	6,942	7,000	6,500	7,000	6,500	6,500	6,500
TY Imports		6,942	6,942	6,942	7,000	6,500	7,000	6,500	6,500	6,500
TY Imp. from U.S.		1,732	1,732	1,732	0	0	0	0	0	0
Total Supply		141,252	141,229	141,229	171,083	174,332	174,832	161,876	167,832	168,832
MY Exports		12,271	12,271	12,271	24,500	24,000	25,000	20,000	18,000	18,000
TY Exports		12,271	12,271	12,271	24,500	24,000	25,000	20,000	18,000	18,000
Feed Consumption		52,436	48,746	48,746	61,000	58,000	59,000	59,000	58,000	58,500
FSI Consumption		64,100	64,100	64,100	66,500	66,000	66,500	67,500	67,500	68,000
Total Consumption		116,536	112,846	112,846	127,500	124,000	125,500	126,500	125,500	126,500
Ending Stocks		12,445	16,112	16,112	19,083	26,332	24,332	15,376	24,332	24,332
Total Distribution		141,252	141,229	141,229	171,083	174,332	174,832	161,876	167,832	168,832
Yield		5.	5.	4.8518	6.	6.	5.633	5.	5.	5.3488

Barley PSD

Barley 27	EU-	2007			2008			2009		
		2007/2008			2008/2009			2009/2010		
		Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			Market Year Begin: Jul 2009		
		USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan
				Data			Data			Data
Area Harvested		13,806	13,770	13,770	14,568	14,563	14,563	14,216	14,250	14,250
Beginning Stocks		5,824	5,824	5,824	5,017	5,196	5,696	10,324	10,024	10,538
Production		57,557	57,555	57,555	65,607	65,578	65,578	60,358	61,000	61,000
MY Imports		339	339	339	300	250	299	150	150	150
TY Imports		519	519	519	200	250	299	150	150	150
TY Imp. from U.S.		2	2	2	0	0	0	0	0	0
Total Supply		63,720	63,718	63,718	70,924	71,024	71,573	70,832	71,174	71,688
MY Exports		3,803	3,803	3,803	3,500	4,000	3,535	3,000	4,500	3,500
TY Exports		3,888	3,888	3,888	3,000	4,000	3,535	3,000	4,500	3,500
Feed Consumption		38,900	38,719	38,719	40,600	40,500	41,500	42,000	41,000	42,000
FSI Consumption		16,000	16,000	15,500	16,500	16,500	16,000	16,500	16,500	16,000
Total Consumption		54,900	54,719	54,219	57,100	57,000	57,500	58,500	57,500	58,000

Ending Stocks	5,017	5,196	5,696	10,324	10,024	10,538	9,332	9,174	10,188
Total Distribution	63,720	63,718	63,718	70,924	71,024	71,573	70,832	71,174	71,688
Yield	4.	4.	4.1797	5.	5.	4.5031	4.	4.	4.2807

Corn PSD

Corn 27	EU-	2007			2008			2009		
		2007/2008			2008/2009			2009/2010		
		Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009		
		USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan
				Data			Data			Data
Area Harvested		8,444	8,439	8,439	8,891	8,876	8,876	8,705	8,680	8,680
Beginning Stocks		7,382	7,382	7,382	4,961	4,973	4,461	6,182	6,150	6,841
Production		47,554	47,506	47,554	62,421	62,380	62,380	56,162	56,500	55,500
MY Imports		14,016	14,016	14,016	2,500	2,500	2,500	2,500	3,000	3,000
TY Imports		14,016	14,016	14,016	2,500	2,500	2,500	2,500	3,000	3,000
TY Imp. from U.S.		144	144	144	0	0	0	0	0	0
Total Supply		68,952	68,904	68,952	69,882	69,853	69,341	64,844	65,650	65,341
MY Exports		591	591	591	2,000	2,000	2,000	2,000	1,000	1,000
TY Exports		591	591	591	2,000	2,000	2,000	2,000	1,000	1,000
Feed Consumption		50,600	50,590	51,000	47,200	47,203	46,000	44,300	45,250	45,000
FSI Consumption		12,800	12,750	12,900	14,500	14,500	14,500	14,800	14,750	14,750
Total Consumption		63,400	63,340	63,900	61,700	61,703	60,500	59,100	60,000	59,750
Ending Stocks		4,961	4,973	4,461	6,182	6,150	6,841	3,744	4,650	4,591
Total Distribution		68,952	68,904	68,952	69,882	69,853	69,341	64,844	65,650	65,341
Yield		6.	6.	5.635	7.	7.	7.0279	6.	7.	6.394

Rye PSD

Rye 27	EU-	2007			2008			2009		
		2007/2008			2008/2009			2009/2010		
		Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			Market Year Begin: Jul 2009		
		USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan
				Data			Data			Data
Area Harvested		2,580	2,578	2,578	2,745	2,770	2,770	2,726	2,700	2,700
Beginning Stocks		616	616	616	1,119	1,046	1,046	1,633	1,682	1,587
Production		7,681	7,685	7,685	9,139	9,146	9,146	9,266	9,000	9,000
MY Imports		98	98	98	25	60	9	25	40	25
TY Imports		88	88	88	25	60	9	25	40	25
TY Imp. from U.S.		3	3	3	0	0	0	0	0	0
Total Supply		8,395	8,399	8,399	10,283	10,252	10,201	10,924	10,722	10,612
MY Exports		76	76	76	150	70	114	150	150	150
TY Exports		59	59	59	150	70	114	150	150	150
Feed Consumption		3,100	3,177	3,177	3,700	3,750	3,750	4,000	4,000	4,000
FSI Consumption		4,100	4,100	4,100	4,800	4,750	4,750	4,900	4,850	4,850
Total Consumption		7,200	7,277	7,277	8,500	8,500	8,500	8,900	8,850	8,850
Ending Stocks		1,119	1,046	1,046	1,633	1,682	1,587	1,874	1,722	1,612
Total Distribution		8,395	8,399	8,399	10,283	10,252	10,201	10,924	10,722	10,612
Yield		3.	3.	2.981	3.	3.	3.3018	3.	3.	3.3333

Sorghum PSD

Sorghum	EU-27	2007			2008			2009		
		2007/2008			2008/2009			2009/2010		
		Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			Market Year Begin: Jul 2009		
		USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan
				Data			Data			Data
Area Harvested	93	93	93	97	95	95	106	105	105	
Beginning Stocks	9	5	9	271	100	100	58	50	50	
Production	525	523	525	547	545	545	567	575	575	
MY Imports	5,841	5,812	5,841	350	500	360	400	250	250	
TY Imports	5,267	5,267	5,267	150	200	150	400	250	250	
TY Imp. from U.S.	3,833	3,833	3,833	0	0	0	0	0	0	
Total Supply	6,375	6,340	6,375	1,168	1,145	1,005	1,025	875	875	
MY Exports	4	8	4	10	5	8	5	5	5	
TY Exports	8	8	8	5	5	8	5	5	5	
Feed Consumption	6,000	6,227	6,266	1,000	1,085	942	900	825	825	
FSI Consumption	100	5	5	100	5	5	100	5	5	
Total Consumption	6,100	6,232	6,271	1,100	1,090	947	1,000	830	830	
Ending Stocks	271	100	100	58	50	50	20	40	40	
Total Distribution	6,375	6,340	6,375	1,168	1,145	1,005	1,025	875	875	
Yield	6.	6.	5.6452	6.	6.	5.7368	5.	5.	5.4762	

Oats PSD

Oats 27	EU-	2007			2008			2009		
		2007/2008			2008/2009			2009/2010		
		Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			Market Year Begin: Jul 2009		
		USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan
				Data			Data			Data
Area Harvested	2,941	2,970	2,970	2,913	2,920	2,920	2,889	2,850	2,850	
Beginning Stocks	795	795	795	704	609	609	677	800	800	
Production	8,463	8,618	8,618	8,718	8,750	8,750	8,135	8,100	8,100	
MY Imports	4	4	4	5	5	4	5	5	5	
TY Imports	2	2	2	5	5	4	5	5	5	
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	
Total Supply	9,262	9,417	9,417	9,427	9,364	9,363	8,817	8,905	8,905	
MY Exports	158	158	158	150	200	92	150	180	150	
TY Exports	133	133	133	150	200	92	150	180	150	
Feed Consumption	6,700	6,900	6,900	6,800	6,564	6,671	6,200	6,175	6,175	
FSI Consumption	1,700	1,750	1,750	1,800	1,800	1,800	1,800	1,750	1,750	
Total Consumption	8,400	8,650	8,650	8,600	8,364	8,471	8,000	7,925	7,925	
Ending Stocks	704	609	609	677	800	800	667	800	830	
Total Distribution	9,262	9,417	9,417	9,427	9,364	9,363	8,817	8,905	8,905	
Yield	3.	3.	2.9017	3.	3.	2.9966	3.	3.	2.8421	

Mixed Grain PSD

Mixed Grain 27	EU-	2007			2008			2009		
		2007/2008			2008/2009			2009/2010		
		Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			Market Year Begin: Jul 2009		
		USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan
				Data			Data			Data

			Data			Data			Data
Area Harvested	4,159	4,172	4,172	4,197	4,219	4,219	4,095	4,100	4,100
Beginning Stocks	507	507	507	989	1,028	1,028	1,337	1,450	1,450
Production	14,382	14,433	14,433	14,648	14,698	14,698	14,680	14,300	14,300
MY Imports	0	0	0	0	0	0	0	0	0
TY Imports	0	0	0	0	0	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	14,889	14,940	14,940	15,637	15,726	15,726	16,017	15,750	15,750
MY Exports	0	0	0	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0	0	0	0
Feed Consumption	13,000	13,012	13,012	13,200	13,226	13,226	13,500	13,200	13,200
FSI Consumption	900	900	900	1,100	1,050	1,050	1,100	1,050	1,050
Total Consumption	13,900	13,912	13,912	14,300	14,276	14,276	14,600	14,250	14,250
Ending Stocks	989	1,028	1,028	1,337	1,450	1,450	1,417	1,500	1,500
Total Distribution	14,889	14,940	14,940	15,637	15,726	15,726	16,017	15,750	15,750
Yield	3.	3.	3.4595	3.	3.	3.4838	4.	3.	3.4878