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Date: 11/8/2011
GAIN Report Number: UK1202

United Kingdom EU-27

Post: London

Crop update - grain crop better than anticipated but balance tight

Report Categories:
Grain and Feed

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Report Highlights:

With Member States starting to publish provisional harvest estimates for 2011, the total MY2011/12 EU27 grain crop is now expected to reach 282.5 MMT, 2.5 MMT above previous expectations. Within this total, wheat production is put at 137.5 MMT, barley at 52 MMT and corn at 62 MMT. The wheat crop is just over 1 MMT above previous estimates, largely due to reduced concerns over the French harvest, while the record corn number also stands 1 MMT above previous expectations. The focus is now turning to usage in light of the returned competition from Black Sea Origin supplies on both domestic and third country markets; and subsequently ending stocks, which remain tight.

General Information:

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

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Acronyms explained:
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; October to September for coarse grains

Member States are beginning to publish provisional harvest estimates for 2011, and the total MY2011/12 EU27 grain crop is now expected to reach 282.5 MMT. This is 7 MMT over MY2010/11, but nearly 31 MMT below the record crop of MY 2008/09. Within this total, EU27 wheat, barley, and corn harvests are estimated at 137.5 MMT, 52 MMT and 62 MMT, respectively. Although the total grain crop is above previous expectations, the EU27 is estimated to have carried 27.5 MMT of stocks into the current marketing year; therefore, supply remains tight. There is a strong focus on usage and the subsequent implications for ending stocks which are currently forecast to decline in MY2011/12.

Many parts of the EU27 experienced good growing conditions in MY2010/11. Bulgaria and Romania reported excellent growing conditions while, in contrast, the lack of rain in the major producing countries of France, Germany, and the UK through most of the spring months caused considerable concern. The months of June and July saw rain across Europe, which was seen as timely and beneficial; especially for the EU27 corn crop, with rains continuing into the wheat and barley harvests. While rains eased some of the concerns for the other grain crops, it was still thought that they had come too late for the wheat crop in Southern France and the barley crop in Germany. Additionally, the heaviness of some of the downpours increased the lodging concerns for both the wheat and barley crops in a number of countries, particularly Poland. With the first official data now published, it seems that some crops were not as badly affected as had been feared, especially in France, while some countries such as the Czech Republic have seen excellent crops, both in size and quality.

With regards to the outlook for the grain harvest in 2012, dry weather has seen challenging planting conditions in much of the EU27, particularly for the UK, Bulgaria, Romania and Hungary. Recent rainfalls, however, has come as some relief to producers also concerned about water availability for the late running winter plantings, particularly in the north and west of Europe.

For wheat, the total crop is just over 1 MMT up from previous expectations, largely due to a revised outlook for the French crop, but also due to improved expectations for the Czech, Romanian, Spanish and UK crops outweighing lower than expected crops in the Benelux and Denmark. The quality is described as excellent in central Europe – Bulgaria's best in the past five years - but much more mixed in the west and north. With carry-in stocks from MY2010/11 at just under 12 MMT, the supply situation remains tight despite a forecast increase in imports in MY2011/12 from Black Sea origins, particularly into Spain. Additionally, the pace of feed wheat imports into Spain was higher than expected in the first quarter of the marketing year, due to wheat licenses being executed by September 30th, which resulted in a wheat stock build up.

On the demand side, increased industrial use of wheat in Germany, Benelux and Spain means total Food, Seed & Industrial (FSI) use is forecast to continue its upward rise in MY2011/12 despite a slight decline in use in the starch sector and the unknowns surrounding when the UK's wheat biofuels plant will reopen and when the one currently under construction will be finished (both with an annual capacity of 1.2 MMT). On the export front, the lower German availability is expected to see varying intra-EU trade, with French wheat instead being imported into Belgium and the Netherlands while French exports to Spain, Italy, and Greece are likely to decline due to competition from Bulgaria and Romania. On third country export markets, the aforementioned return of Black Sea origin wheat in MY2011/12 and low prices will not just see increased wheat usage as feed (both domestic, including on-farm, and imported) with total feed use now forecast 5 MMT above last season and back to the level seen a few years ago. It will also mean more competition for EU exports. Thus, the campaign has gotten off to a relatively good start and exports are forecast to fall just 6 MMT from the very high level seen last season. EU27 wheat stocks are forecast to remain low.

Regarding the other grains, it is the corn situation that is of most interest. Earlier concerns regarding the size and quality of the crops in France and Germany have been allayed and expectations in most of the other EU27corn producing countries have not only improved but shown year-on-year rises, not least in Romania. A record crop is expected; thereby easing the supply situation, which was otherwise looking tight with just 5 MMT of corn carried into MY2011/12. On the demand side, the improved EU27 outlook combined with reduced U.S. supplies, albeit tempered by good supplies in Russia, the Ukraine, and Argentina, means feed consumption and extra-EU exports are now forecast to rise in MY2011/12 - corn and wheat are forecast to substitute for barley and rapeseed meal while the export number is an all-time high. Corn stocks are forecast only slightly higher at year end.

Appendix:

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	25,817	25,816	25,950	26,100	25,705	25,500

Beginning Stocks	18,937	18,937	16,157	16,163	11,628	11,625
Production	138,816	138,806	135,609	135,600	136,330	137,500
MY Imports	5,519	5,519	4,712	4,712	7,500	7,500
TY Imports	5,519	5,519	4,712	4,712	7,500	7,500
TY Imp. from U.S.	545	545	1,316	0	0	0
Total Supply	163,272	163,262	156,478	156,475	155,458	156,625
MY Exports	22,115	22,115	22,850	22,850	16,000	17,000
TY Exports	22,115	22,115	22,850	22,850	16,000	17,000
Feed and Residual	57,500	57,000	52,500	52,500	56,500	57,500
FSI Consumption	67,500	67,984	69,500	69,500	70,000	70,000
Total Consumption	125,000	124,984	122,000	122,000	126,500	127,500
Ending Stocks	16,157	16,163	11,628	11,625	12,958	12,125
Total Distribution	163,272	163,262	156,478	156,475	155,458	156,625
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	13,942	13,939	12,470	12,500	12,209	12,200
Beginning Stocks	10,916	10,916	15,532	15,602	7,447	7,302
Production	62,149	62,146	53,015	53,000	51,866	52,000
MY Imports	101	101	174	174	100	100
TY Imports	66	66	200	200	100	100
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	73,166	73,163	68,721	68,776	59,413	59,402
MY Exports	1,134	1,134	4,874	4,874	2,000	2,500
TY Exports	2,389	2,389	4,300	4,300	2,000	2,500
Feed and Residual	41,500	41,500	41,200	41,200	37,500	37,000
FSI Consumption	15,000	14,927	15,200	15,400	15,000	15,000
Total Consumption	56,500	56,427	56,400	56,600	52,500	52,000
Ending Stocks	15,532	15,602	7,447	7,302	4,913	4,902
Total Distribution	73,166	73,163	68,721	68,776	59,413	59,402
1000 HA, 1000 MT, MT/HA						

Corn EU-27	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	8,284	8,283	7,998	8,000	8,681	8,700
Beginning Stocks	6,149	6,149	5,009	5,243	4,911	4,743
Production	56,948	56,947	55,902	55,700	60,993	62,250
MY Imports	2,931	2,931	7,300	7,300	4,000	4,000
TY Imports	2,931	2,931	7,300	7,300	4,000	4,000
TY Imp. from U.S.	132	132	0	0	0	0
Total Supply	66,028	66,027	68,211	68,243	69,904	70,993
MY Exports	1,519	1,519	1,000	1,000	1,500	2,000
TY Exports	1,519	1,519	1,000	1,000	1,500	2,000
Feed and Residual	44,700	44,550	47,300	47,500	47,000	47,500
FSI Consumption	14,800	14,715	15,000	15,000	15,500	15,500
Total Consumption	59,500	59,265	62,300	62,500	62,500	63,000
Ending Stocks	5,009	5,243	4,911	4,743	5,904	5,993
Total Distribution	66,028	66,027	68,211	68,243	69,904	70,993
1000 HA, 1000 MT, MT/HA						

Rye 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	2,801	2,783	2,593	2,575	2,540	2,400
Beginning Stocks	1,424	1,424	1,737	1,715	1,144	1,228
Production	9,962	9,919	7,794	7,800	7,459	7,000
MY Imports	0	0	19	19	10	10
TY Imports	6	6	15	15	10	10
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	11,386	11,343	9,550	9,534	8,613	8,238
MY Exports	99	99	106	106	100	100
TY Exports	136	136	75	75	100	100
Feed and Residual	4,800	4,800	3,500	3,500	3,000	2,600
FSI Consumption	4,750	4,729	4,800	4,700	4,800	4,700
Total Consumption	9,550	9,529	8,300	8,200	7,800	7,300
Ending Stocks	1,737	1,715	1,144	1,228	713	838
Total Distribution	11,386	11,343	9,550	9,534	8,613	8,238
1000 HA, 1000 MT, MT/HA						

Sorghum 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	119	119	115	115	138	130
Beginning Stocks	34	34	24	24	37	29
Production	621	621	634	620	762	750
MY Imports	6	6	939	939	50	50
TY Imports	7	7	800	800	50	50
TY Imp. from U.S.	2	2	0	0	0	0
Total Supply	661	661	1,597	1,583	849	829
MY Exports	7	7	5	4	5	5
TY Exports	7	7	5	4	5	5
Feed and Residual	625	625	1,550	1,540	825	790
FSI Consumption	5	5	5	10	5	10
Total Consumption	630	630	1,555	1,550	830	800
Ending Stocks	24	24	37	29	14	24
Total Distribution	661	661	1,597	1,583	849	829
1000 HA, 1000 MT, MT/HA						

Oats 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	2,905	2,843	2,723	2,660	2,701	2,650
Beginning Stocks	972	972	1,224	1,133	687	729
Production	8,579	8,453	7,370	7,300	7,766	7,700
MY Imports	2	2	2	5	5	2
TY Imports	2	2	5	5	5	2
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	9,553	9,427	8,596	8,438	8,458	8,431
MY Exports	229	229	109	109	150	100
TY Exports	216	216	150	150	150	100
Feed and Residual	6,300	6,200	6,000	5,800	5,800	5,800
FSI Consumption	1,800	1,865	1,800	1,800	1,800	1,750
Total Consumption	8,100	8,065	7,800	7,600	7,600	7,550
Ending Stocks	1,224	1,133	687	729	708	781
Total Distribution	9,553	9,427	8,596	8,438	8,458	8,431
1000 HA, 1000 MT, MT/HA						

Mixed Grain 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	4,474	4,693	4,286	4,500	4,298	4,500
Beginning Stocks	1,349	1,349	2,139	2,411	1,491	1,561
Production	16,790	17,462	14,852	15,500	14,708	15,500
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	18,139	18,811	16,991	17,911	16,199	17,061
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	14,800	15,200	14,300	15,150	13,900	14,700
FSI Consumption	1,200	1,200	1,200	1,200	1,200	1,200
Total Consumption	16,000	16,400	15,500	16,350	15,100	15,900
Ending Stocks	2,139	2,411	1,491	1,561	1,099	1,161
Total Distribution	18,139	18,811	16,991	17,911	16,199	17,061
1000 HA, 1000 MT, MT/HA						