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Crop update - weather creates uncertainty if not concern

Report Categories:

Grain and Feed

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Report Highlights:

The months of May and June have seen Europe characterized by hot, dry weather in the West and some very wet weather, including flooding, in the East. However, expectations for the MY 2010/11 grain harvest remain relatively positive, albeit slightly down in terms of both volume and quality as compared to expectations 2 months ago. The total EU grain harvest is now forecast to be 288 MMT this summer. If realized, this will still be a sizeable crop, a little smaller in size than MY 2009/10, but 25 MMT down on MY 2008/09's record harvest and nearly 6 MMT below the previous forecast. Within the total, wheat production is put at 142.5 MMT, barley at 56 MMT and corn at 56.5 MMT. All are reduced tonnages as compared to previous expectations and if the next few weeks remain very dry in the West then these forecasts may be further reduced. With the current season coming to a close, exports – notably of wheat - have remained buoyant, supported by the weak Euro. While this means MY 2009/10 ending stocks are no longer expected to be quite as large as previously suggested, they will still be significant. Just over 6 MMT of grain, mostly barley, has been offered

into intervention this season, outweighing any reduction in commercially held stocks.

Executive Summary:

Reduced prospects for the EU27 harvest mean total grain production in MY 2010/11 is currently forecast to be 288 MMT this summer. Within this total wheat production is put at 142.5 MMT, barley at 56 MMT and corn at 56.5 MMT each. All are lower tonnages as compared to expectations 2 months ago.

A very wet May and June in the east of Europe - which has seen localized flooding in Poland, Hungary, the Czech Republic and Slovakia - has contrasted with unseasonably dry weather in the West, most notably in France and the United Kingdom. This has detrimentally affected the outlook for the EU27 grain harvest this year. Although the crop should still be sizeable, only slightly smaller than that realized in MY 2009/10, it is now expected to be 25 MMT down on MY 2008/09's record harvest and 6 MMT below expectations just 2 months ago. However, if the hot, dry conditions persist in the West then these forecasts may be further reduced.

The reports of flooding in parts of Europe over the past couple of months have raised concerns for the EU27 grain crop. While there have inevitably been some losses in the affected areas and yields are expected to be reduced, especially in the Czech Republic and Slovakia, the worst of the flooding has not been in the prime grain producing regions of the affected countries. This is especially the case for Hungary and Poland. The dry weather in the west has also had a varied impact. In France, the wheat, barley and corn crops are now all expected to be smaller than previously forecast but in the United Kingdom, while the dry weather has seen recent applications of fertilizer yet to be absorbed into the soil, some recent rain showers have diminished the concerns for the crop. The weather in both countries over the next few weeks will be crucial for crop development and if the hot, dry weather persists then yields can expect to be reduced. Elsewhere in Europe, both Bulgaria and Romania have had very favorable weather for crop development and are reporting good crop sizes albeit with some quality concerns due to a financially-limited lack of fertilizer and crop protection application. In Germany, the grain crop is reported to have developed well despite the long winter but the aforementioned hot, dry weather has also increased attention on the crop and, like France and Germany, some rain would be beneficial if yields are not to be affected. And in the Iberian Peninsula, while the crop area is largely unchanged on MY 2009/10, good rains are expected to have boosted yields, especially in the Northern areas. Flooded conditions and unusually high temperatures during May resulted in a poor crop development in the South.

In summary, compared with 2 months ago, wheat production for MY 2010/11 is reduced 2 MMT, largely due to reduced harvest expectations in France but also in Hungary. Quality remains a concern in much of Europe. For barley, the crop is now forecast 3 MMT smaller than 2 months ago, again much of the reduction being in France but also in Finland, Germany and Hungary. For corn, the prospects remain relatively good, production forecast just 0.5 MMT down on 2 months ago, but the coming weeks will be significant for crop development.

With the current season coming to a close, exports – notably of wheat from France, Germany and the United Kingdom - have remained buoyant due to the competitiveness of the Euro on international currency markets. While this means total grain ending stocks are no longer expected to be quite as large as previously suggested, they will still be significant. Over 6 MMT of grain, mostly barley, has

been offered into intervention, outweighing any reduction in commercially held stocks. With another large crop forecast to be harvested, the Commission can be expected to come under renewed pressure to re-introduce export restitutions and/or raise the zero thresholds on intervention on barley and other grains.

General Information:

This report presents the outlook for grain and feed, and Production, Supply and Demand (PS&D) forecasts for the Marketing Year (MY) 2010/2011. 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

Author Defined:

Wheat 27	EU- 2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Harvested	26,983	26,508	26,508	25,722	25,881	25,750	25,633	25,580	25,750
Beginning Stocks	12,343	12,343	12,343	18,379	18,238	18,238	15,574	17,609	15,423

Production	151,114	150,473	150,473	138,195	138,871	138,185	141,821	144,500	142,500
MY Imports	7,740	7,740	7,740	5,500	6,000	5,500	6,000	6,500	6,500
TY Imports	7,740	7,740	7,740	5,500	6,000	5,500	6,000	6,500	6,500
TY Imp. from U.S.	689	689	689	0	0	0	0	0	0
Total Supply	171,197	170,556	170,556	162,074	163,109	161,923	163,395	168,609	164,423
MY Exports	25,318	25,318	25,318	21,000	20,000	21,000	23,000	21,000	21,500
TY Exports	25,318	25,318	25,318	21,000	20,000	21,000	23,000	21,000	21,500
Feed and Residual	61,000	60,500	60,500	58,000	58,000	58,000	57,000	59,000	58,000
FSI Consumption	66,500	66,500	66,500	67,500	67,500	67,500	69,500	69,500	69,500
Total Consumption	127,500	127,000	127,000	125,500	125,500	125,500	126,500	128,500	127,500
Ending Stocks	18,379	18,238	18,238	15,574	17,609	15,423	13,895	19,109	15,423
Total Distribution	171,197	170,556	170,556	162,074	163,109	161,923	163,395	168,609	164,423
Yield	6.	6.	5.6765	5.	5.	5.3664	6.	6.	5.534

Barley 27	EU-	2008/2009			2009/2010			2010/2011		
		Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010		
		USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Harvested		14,505	14,499	14,499	13,853	13,889	13,852	12,740	13,100	12,700
Beginning Stocks		5,705	5,705	5,705	10,859	11,035	11,035	14,364	15,158	14,937
Production		65,452	65,628	65,628	61,255	61,473	61,252	56,367	59,000	56,000
MY Imports		299	299	299	150	150	150	150	150	150
TY Imports		175	175	175	150	0	0	150	150	150
TY Imp. from U.S.		0	0	0	0	0	0	0	0	0
Total Supply		71,456	71,632	71,632	72,264	72,658	72,437	70,881	74,308	71,087
MY Exports		3,597	3,597	3,597	1,400	1,000	1,000	3,600	2,250	2,250
TY Exports		2,374	2,374	2,374	2,100	0	0	3,600	2,250	2,250
Feed and Residual		41,500	41,500	41,500	41,500	41,500	41,500	43,500	42,500	42,000
FSI Consumption		15,500	15,500	15,500	15,000	15,000	15,000	15,500	15,500	15,500
Total Consumption		57,000	57,000	57,000	56,500	56,500	56,500	59,000	58,000	57,500
Ending Stocks		10,859	11,035	11,035	14,364	15,158	14,937	8,281	14,058	11,337
Total Distribution		71,456	71,632	71,632	72,264	72,658	72,437	70,881	74,308	71,087
Yield		5.	5.	4.5264	4.	4.	4.4219	4.	5.	4.4094

Corn 27	EU-	2008/2009			2009/2010			2010/2011		
		Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010		
		USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Harvested		8,785	8,854	8,854	8,291	8,335	8,292	8,065	8,400	8,050
Beginning Stocks		4,362	4,362	4,362	5,683	6,360	6,360	4,206	4,419	4,860
Production		62,321	62,998	62,998	55,773	55,559	55,750	56,994	57,000	56,500
MY Imports		2,743	2,743	2,743	2,500	2,500	2,500	2,500	2,500	2,500
TY Imports		2,743	2,743	2,743	2,500	2,500	2,500	2,500	2,500	2,500
TY Imp. from U.S.		41	41	41	0	0	0	0	0	0
Total Supply		69,426	70,103	70,103	63,956	64,419	64,610	63,700	63,919	63,860
MY Exports		1,743	1,743	1,743	1,250	1,250	1,250	1,200	1,250	1,250
TY Exports		1,743	1,743	1,743	1,250	1,250	1,250	1,200	1,250	1,250
Feed and Residual		47,500	47,500	47,500	43,500	44,000	43,500	43,000	43,500	43,000
FSI Consumption		14,500	14,500	14,500	15,000	14,750	15,000	15,000	15,000	15,000
Total Consumption		62,000	62,000	62,000	58,500	58,750	58,500	58,000	58,500	58,000
Ending Stocks		5,683	6,360	6,360	4,206	4,419	4,860	4,500	4,169	4,610
Total Distribution		69,426	70,103	70,103	63,956	64,419	64,610	63,700	63,919	63,860
Yield		7.	7.	7.1152	7.	7.	6.7233	7.	7.	7.0186

Sorghum 27	EU-	2008/2009			2009/2010			2010/2011		
		Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010		
		USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Harvested		96	99	99	119	117	119	116	110	115
Beginning Stocks		71	71	71	33	66	66	18	90	46
Production		516	549	549	615	629	615	632	600	630
MY Imports		359	359	359	5	100	25	50	100	50
TY Imports		66	66	66	25	150	50	50	100	50
TY Imp. from U.S.		2	2	2	0	0	0	0	0	0
Total Supply		946	979	979	653	795	706	700	790	726
MY Exports		8	8	8	5	0	5	5	0	5
TY Exports		4	4	4	5	0	5	5	0	5
Feed and Residual		900	900	900	625	700	650	650	700	650
FSI Consumption		5	5	5	5	5	5	5	5	5
Total Consumption		905	905	905	630	705	655	655	705	655
Ending Stocks		33	66	66	18	90	46	40	85	66
Total Distribution		946	979	979	653	795	706	700	790	726
Yield		5.	6.	5.5455	5.	5.	5.1681	5.	5.	5.4783

Rye 27	EU-	2008/2009			2009/2010			2010/2011		
		Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010		
		USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Harvested		2,74 6	2,75 0	2,75 0	2,69 5	2,68 3	2,67 7	2,63 8	2,60 0	2,60 0
Beginning Stocks		1,01 3	1,01 3	1,01 3	1,44 4	1,46 5	1,46 5	1,56 0	1,54 3	1,54 8
Production		9,23 6	9,25 7	9,25 7	9,30 6	9,29 3	9,27 3	8,85 2	8,90 0	8,90 0
MY Imports		9	9	9	10	10	10	10	10	10
TY Imports		8	0	8	10	10	10	10	10	10
TY Imp. from U.S.		2	2	2	0	0	0	0	0	0
Total Supply		10,2 58	10,2 79	10,2 79	10,7 60	10,7 68	10,7 48	10,4 22	10,4 53	10,4 58
MY Exports		114	114	114	100	125	100	150	100	100
TY Exports		114	114	114	100	0	0	150	100	100
Feed and Residual		3,85 0	3,85 0	3,85 0	4,15 0	4,15 0	4,15 0	3,90 0	3,90 0	3,90 0
FSI Consumption		4,85 0	4,85 0	4,85 0	4,95 0	4,95 0	4,95 0	5,00 0	5,00 0	5,00 0
Total Consumption		8,70 0	8,70 0	8,70 0	9,10 0	9,10 0	9,10 0	8,90 0	8,90 0	8,90 0
Ending Stocks		1,44 4	1,46 5	1,46 5	1,56 0	1,54 3	1,54 8	1,37 2	1,45 3	1,45 8
Total Distribution		10,2 58	10,2 79	10,2 79	10,7 60	10,7 68	10,7 48	10,4 22	10,4 53	10,4 58
Yield		3.	3.	3.36 62	3.	3.	3.46 4	3.	3.	3.42 31

Oats 27	EU-	2008/2009	2009/2010	2010/2011
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	Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Harvested	2,993	3,000	3,000	2,908	2,850	2,850	2,794	2,800	2,700
Beginning Stocks	625	625	625	1,012	1,015	1,015	1,009	965	970
Production	8,975	8,978	8,978	8,517	8,400	8,400	8,317	8,400	8,200
MY Imports	4	4	4	5	0	5	5	0	5
TY Imports	4	4	4	5	0	5	5	0	5
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	9,604	9,607	9,607	9,534	9,415	9,420	9,331	9,365	9,175
MY Exports	92	92	92	225	150	150	300	150	100
TY Exports	103	103	103	225	150	150	300	150	100
Feed and Residual	6,700	6,700	6,700	6,500	6,500	6,500	6,400	6,500	6,500
FSI Consumption	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Total Consumption	8,500	8,500	8,500	8,300	8,300	8,300	8,200	8,300	8,300
Ending Stocks	1,012	1,015	1,015	1,009	965	970	831	915	775
Total Distribution	9,604	9,607	9,607	9,534	9,415	9,420	9,331	9,365	9,175
Yield	3.	3.	2.9927	3.	3.	2.9474	3.	3.	3.037

Mixed Grain EU-27	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Harvested	4,205	4,567	4,567	4,323	4,300	4,300	4,199	4,150	4,150
Beginning Stocks	992	992	992	1,217	1,292	1,292	2,008	1,792	1,792
Production	14,925	15,000	15,000	16,291	16,000	16,000	15,191	15,325	15,325
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	15,917	15,992	15,992	17,508	17,292	17,292	17,199	17,117	17,117
MY Exports	0	0	0	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0	0	0	0
Feed and Residual	13,600	13,600	13,600	14,300	14,300	14,300	14,300	14,100	14,300
FSI Consumption	1,100	1,100	1,100	1,200	1,200	1,200	1,200	1,200	1,200
Total Consumption	14,700	14,700	14,700	15,500	15,500	15,500	15,500	15,300	15,500
Ending Stocks	1,217	1,292	1,292	2,008	1,792	1,792	1,699	1,817	1,617
Total Distribution	15,917	15,992	15,992	17,508	17,292	17,292	17,199	17,117	17,117
Yield	4.	3.	3.2844	4.	4.	3.7209	4.	4.	3.6928