

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary Public

Date: 7/27/2012

GAIN Report Number:

United Kingdom EU-27

Post: London

Crop update - mixed weather takes its toll

Report Categories:

Grain and Feed

Approved By:

Daryl Brehm

Prepared By:

Steve Knight

Report Highlights:

Contrasting weather conditions in the EU27 are presenting some challenges for the grain crop. While the north and west have experienced unusually wet weather, in the south and east, the conditions have been hot and dry. Lodging concerns, disease control and, hence, quality are the story in the UK, France and Germany; in Spain, Italy and further east into Bulgaria and Romania, the story is one of a lack of water and the potential for reduced wheat, barley and corn yields. Overall, the EU27 grain crop forecast is reduced to 276 MMT, a 7 MMT reduction on previous expectations.

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.

This report would not have been possible without the valuable expert contributions from the following Foreign Service analysts:

Xavier Audran, FAS/Paris
Ornella Bettini, FAS/Rome
Dana Biasetti, FAS/Rome
Mila Boshnakova, FAS/Sofia
Monica Dobrescu, FAS/Bucharest
Bob Flach, FAS/The Hague
Marta Guerrero, FAS/Madrid
Mira Kobuszynska, FAS/Warsaw
Steve Knight, FAS/London
Roswitha Krautgartner, FAS/Vienna
Sabine Lieberz, FAS/Berlin
Jana Mikulasova, FAS/Prague
Ferenc Nemes, FAS/Budapest
Asa Wideback, FAS/Stockholm
Barrie Williams, FAS/USEU/Brussels

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

Contrasting weather conditions in the EU27 are presenting some challenges for the grain crop. The north and west, particularly France and the UK but also to some extent Germany, have been experiencing unusually wet weather, increased lodging and disease incidence, although this has been somewhat tempered with a recent spell of sunny weather. In the south and east, particularly in Spain, Italy and Romania but also in Bulgaria, hot and dry conditions are presenting their own challenges and reducing yield forecasts. Overall, the EU27 grain crop forecast is reduced to 276 MMT, a 7 MMT reduction on previous expectations. Within this total, the outlook for wheat and barley production is reduced by 1 MMT in both cases; corn production is reduced by 5 MMT.

Wet weather, low temperatures and reduced sunshine hours in France and the UK have delayed the development of their wheat crops which are now running about a week behind the norm. Reports of waterlogged fields are widespread and disease pressure is high. However, a recent spell of warm, sunny weather should assist grain fill and the wheat crops in both countries still have the potential to yield well. Despite the conditions, the quality of the French durum crop is reported to be particularly good. The barley crops in both countries are also reported to be developing more slowly than the norm due to the weather but yield potential and quality is good to excellent, especially in the spring sown crop. The French corn crop is revised downwards due to a reduction in recorded planted area but despite some variability in development, the overall yield and quality is currently forecast to be good.

In Germany, winterkill was worse than previously thought and the production outlook for both wheat and barley crops is forecast lower than previously. This has been somewhat offset by lower yielding spring plantings of both crops. Wet weather is now creating challenging harvest conditions. In contrast the wet conditions are benefitting the corn crop which has also seen an increased planted area due to the aforementioned winterkill of other crops.

To the south, in Spain, very dry conditions through the spring were followed by some rain in May but it arrived too late for many regions where the crop was at a more advanced development stage. High temperatures prevailed in the second half of May with dry and warm weather since. Consequently, both wheat and barley production expectations have been reduced, especially for durum wheat. However, quality is expected to be good for durum crop. The May rains helped reservoir water stocks and improved the outlook for the Spanish corn area, the large majority of which is irrigated.

Italy has also seen dry conditions of late but this has been to the benefit of both its durum and soft wheat crops. Yields in the north of the country are reported to be particularly high and quality good. However, the Italian corn crop is forecast to fall by nearly 25 percent compared to previous expectations due to high temperatures and lack of precipitation in recent weeks.

Moving towards the east of Europe, the persistent very dry weather this season has seen a reduction in the size of expected crops, with concerns increasing in both Bulgaria and Romania, most notably in corn in the latter.

Wheat PSD

| Wheat EU-27 | 2010/2011 | | 2011/2012 | | 2012/2013 | |
|--------------------------|-----------------------------|----------|-----------------------------|----------|-----------------------------|----------|
| | Market Year Begin: Jul 2010 | | Market Year Begin: Jul 2011 | | Market Year Begin: Jul 2012 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested | 26,108 | 25,830 | 25,608 | 25,600 | 24,680 | 25,250 |
| Beginning Stocks | 16,157 | 16,157 | 11,675 | 11,812 | 13,608 | 14,062 |
| Production | 135,697 | 135,834 | 137,383 | 137,500 | 133,140 | 132,000 |
| MY Imports | 4,727 | 4,727 | 7,500 | 7,750 | 5,500 | 6,500 |
| TY Imports | 4,727 | 4,727 | 7,500 | 7,750 | 5,500 | 6,500 |
| TY Imp. from U.S. | 1,316 | 1,316 | 0 | 0 | 0 | |
| Total Supply | 156,581 | 156,718 | 156,558 | 157,062 | 152,248 | 152,562 |
| MY Exports | 22,906 | 22,906 | 16,200 | 16,500 | 16,000 | 17,500 |
| TY Exports | 22,906 | 2,906 | 16,200 | 16,500 | 16,000 | 17,500 |
| Feed and Residual | 52,500 | 52,500 | 57,500 | 57,000 | 54,000 | 54,500 |
| FSI Consumption | 69,500 | 69,500 | 69,250 | 69,500 | 69,750 | 69,500 |
| Total Consumption | 122,000 | 122,000 | 126,750 | 126,500 | 123,750 | 124,000 |
| Ending Stocks | 11,675 | 11,812 | 13,608 | 14,062 | 12,498 | 11,062 |

| | | | | | | |
|---------------------------|---------|---------|---------|---------|---------|---------|
| Total Distribution | 156,581 | 156,718 | 156,558 | 157,062 | 152,248 | 152,562 |
| | | | | | | |

1000 HA, 1000 MT, MT/HA

Barley PSD

| Barley EU-27 | 2010/2011 | | 2011/2012 | | 2012/2013 | |
|---------------------------|-----------------------------|----------|-----------------------------|----------|-----------------------------|----------|
| | Market Year Begin: Jul 2010 | | Market Year Begin: Jul 2011 | | Market Year Begin: May 2012 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested | 12,456 | 12,441 | 11,963 | 11,950 | 12,592 | 12,350 |
| Beginning Stocks | 15,532 | 15,532 | 7,878 | 7,806 | 5,088 | 4,956 |
| Production | 53,440 | 53,466 | 51,510 | 51,500 | 53,593 | 52,500 |
| MY Imports | 174 | 176 | 400 | 450 | 200 | 200 |
| TY Imports | 286 | 286 | 350 | 350 | 200 | 200 |
| TY Imp. from U.S. | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Supply | 69,146 | 69,174 | 59,788 | 59,756 | 58,881 | 57,656 |
| MY Exports | 4,868 | 4,868 | 3,000 | 3,000 | 2,400 | 2,800 |
| TY Exports | 4,594 | 4,594 | 2,800 | 2,800 | 2,400 | 2,800 |
| Feed and Residual | 41,200 | 41,400 | 36,500 | 36,500 | 37,000 | 36,000 |
| FSI Consumption | 15,200 | 15,100 | 15,200 | 15,300 | 15,200 | 15,200 |
| Total Consumption | 56,400 | 56,500 | 51,700 | 51,800 | 52,200 | 51,200 |
| Ending Stocks | 7,878 | 7,806 | 5,088 | 4,956 | 4,281 | 3,656 |
| Total Distribution | 69,146 | 69,174 | 59,788 | 59,756 | 58,881 | 57,656 |
| | | | | | | |

1000 HA, 1000 MT, MT/HA

Corn PSD

| Corn EU-27 | 2010/2011 | | 2011/2012 | | 2012/2013 | |
|---------------------------|-----------------------------|----------|-----------------------------|----------|-----------------------------|----------|
| | Market Year Begin: Oct 2010 | | Market Year Begin: Oct 2011 | | Market Year Begin: May 2012 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested | 7,994 | 7,984 | 8,745 | 8,750 | 9,487 | 9,100 |
| Beginning Stocks | 5,208 | 5,208 | 4,923 | 5,112 | 5,259 | 6,112 |
| Production | 55,934 | 55,973 | 64,636 | 65,500 | 65,472 | 60,500 |
| MY Imports | 7,359 | 7,359 | 6,300 | 6,000 | 5,000 | 7,000 |
| TY Imports | 7,359 | 7,359 | 6,300 | 6,000 | 5,000 | 7,000 |
| TY Imp. from U.S. | 911 | 911 | 0 | 0 | 0 | 0 |
| Total Supply | 68,501 | 68,540 | 75,859 | 76,612 | 75,731 | 73,612 |
| MY Exports | 1,078 | 1,078 | 3,100 | 3,200 | 2,000 | 2,000 |
| TY Exports | 1,078 | 1,078 | 3,100 | 3,200 | 2,000 | 2,000 |
| Feed and Residual | 47,500 | 47,500 | 52,000 | 52,000 | 53,500 | 52,000 |
| FSI Consumption | 15,000 | 14,850 | 15,500 | 15,300 | 16,000 | 15,550 |
| Total Consumption | 62,500 | 62,350 | 67,500 | 67,300 | 69,500 | 67,550 |
| Ending Stocks | 4,923 | 5,112 | 5,259 | 6,112 | 4,231 | 4,062 |
| Total Distribution | 68,501 | 68,540 | 75,859 | 76,612 | 75,731 | 73,612 |
| | | | | | | |

1000 HA, 1000 MT, MT/HA

