Voluntary _ Public

Date: 11/2/2012

GAIN Report Number:

United Kingdom EU-27

Post: London

Crop update - smaller than forecast harvest means balance tight

Report Categories:

Grain and Feed

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Report Highlights:

With Member States starting to publish provisional harvest estimates for 2012, the total MY2012/13 EU27 grain crop is now only expected to reach 270.8 MMT, 1.8 MMT below previous expectations and the smallest in five previous seasons. Within this total, wheat production is put at 131 MMT, barley at 53.5 MMT, and corn at 55 MMT; all three below previous forecasts. The focus is now turning to usage within the EU27 and the implications for trade. The smaller than anticipated harvest has also increased the previous concerns regarding the tightness of the balance following the low carry in stocks and the expectation that MY2012/13 will see them further eroded.

Executive Summary:

With Member States starting to publish provisional harvest estimates for 2012, the total MY2012/13 EU27 grain crop is now expected to reach 270.8 MMT. This is 1.8 MMT less than previously forecast, nearly 14 MMT less than last season, over 42 MMT below the record crop recorded four seasons ago and the smallest since the 256.7 MMT harvest five seasons ago. Within this total, the EU27 wheat and corn harvests are forecast significantly smaller than last year's, at 131 MMT (down over 6 MMT) and 55 MMT (down 11 MMT), respectfully. Both harvests are also smaller than the previous forecast. The EU27 barley harvest, now forecast to reach 53.5 MMT, is also smaller than previously forecasted but 2 MMT up on last season. The EU27 is estimated to have carried just 26.6 MMT of stocks into the current marketing year. When combined with the reduced harvest, there is a strong focus on usage and the implications for trade in MY2012/13. The tight balance also means an MY2012/13 forecast for a further drawdown in the already low stocks.

The EU27 experienced contrasting growing and harvesting conditions in MY2011/12. The UK had the second wettest summer on record, and in addition to hampering crop development, the rains delayed and disrupted the harvest. France, and to some extent Germany, also experienced wet weather earlier in the summer but ultimately experienced good harvest conditions; although also somewhat delayed. In the south and east, the story was of hot and dry weather. While this proved positive for the crops in Italy, Spain, and Portugal, the conditions were much more severe elsewhere and detrimentally affected crops, particularly in Romania, Hungary, and Bulgaria.

With regards to the outlook for the grain harvest in 2013, and with planting of some crops already under way, weather is again the main focus in some parts of the EU27. The late harvests in the UK and France have necessarily delayed plantings for the new crop. For France, the main concern is increased vulnerability to frost damage. Additionally in the UK, continuing wet weather has deterred the planting of rapeseed and increased the potential area for other grains, notably wheat, but the conditions continue to hamper planting in some regions. In the south east of the EU27, the dry soils are of concern for winter crop development. Elsewhere, conditions seem generally good and hopes are high that this winter will not see a repeat of last year's widespread winterkill.

For wheat, the MY2012/13 crop is around 600,000 MT below previous expectations, smaller than expected harvests in the UK and the Czech Republic being partially compensated by better than expected results elsewhere. The UK crop is revised lower following very challenging harvest conditions. A small increase in the UK area was ultimately more than offset by an average yield at its lowest level since 1988, the aforementioned cool and wet conditions which proved problematic earlier in the season was unabated through harvest. The Czech Republic's wheat crop is revised lower due to a combination of drought damage and abandoned fields. Germany, Italy, France, Poland, and Lithuania all fared much better at harvest. Indeed, the latter three produced wheat crops of a size exceeding previous expectations. Romania and Spain both experienced lower crops year-on-year, but are in line with previous expectations, putting the EU27 total at 131 MMT. The quality is described as generally good, with Germany having produced a much improved crop as compared to the low quality crop experienced last season. Improved quality is also reported in Poland and the south east of the EU27; the exception is the UK where quality is very variable.

On the wheat demand side, total Food, Seed & Industrial (FSI) use is forecast unchanged in

MY2012/13. A slight reduction in industrial use in Spain and France is forecast to be offset by increased industrial use in Germany, the Benelux, and the UK, the latter due to the re-starting of UK bioethanol production at the UK's only facility. Potential usage by a second UK wheat biofuels plant, scheduled to open in MY2012/13, is not included. Regarding intra-EU trade, both Spain and the UK will have increased requirements this season due to their smaller crops. The latter's variable and generally poor quality will mean an increase in milling quality wheat for blending, mainly from Germany and France. On third country export markets, EU27 wheat is in demand due to the lack of export availability in the Black Sea. Indeed, the season has gotten off to a prompt start, assisted by EU27 wheat currently being competitively priced against U.S. wheat for nearby destinations. With expected lower exports from Argentina and Australia this season, the EU27 is currently forecast to export 17.5 MMT in MY2012/13. With carry-in stocks from MY2011/12 at just 12.2 MMT, the supply situation remains tight. Even with wheat usage as feed forecast to fall by 5 MMT, EU27 wheat stocks are forecast to further decline in MY2012/13.

Of the other grains, it is the corn situation that is of most interest given that the EU27 harvest is continuing. Albeit behind the norm in many Member States due to the late planting and slow development of the crop, harvest is well advanced in the south and south east while rains are slowing field work in France and Germany. Thus, a clearer picture of the size and quality of the crop is emerging. Earlier concerns regarding the crops in France and Germany have been allayed. While yields were always expected to be down, the exceptionally dry and hot weather in the south east of the EU27 has seen yields suffer considerably in recent months. This is particularly the case in Hungary, Romania, and Bulgaria. The exception is Poland where a higher area, due to increased spring plantings following winterkill of other crops means the crop size has considerably exceeded previous expectations and reached a record level; a 60 per cent year-on-year increase in planted area equating to a 50 per cent increase in production. Spain and Portugal see a reduction in year-on-year output, but on reduced areas. With the exception of Italy where disease is of some concern, quality is also reported to be good, particularly in Poland. With output down 11 MMT year-on-year, imports; however, are forecast to rise, predominantly from Brazil and Ukraine to the Iberian Peninsula. On the demand side, increased corn use in the ethanol sector is forecast to counterbalance any decline in food use. MY2012/13 feed use is forecast up on previous expectations, due to an increase in corn's expected competiveness with the other grains, but still considerably down on last season. Ending stocks are forecast to decline.

General Information:

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.

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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

Author Defined:
Appendices

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	25,838	25,868	25,655	25,700	25,172	25,300
Beginning Stocks	16,157	16,157	11,836	11,728	13,636	12,229
Production	135,858	135,994	137,370	137,200	131,577	131,000
MY Imports	4,727	4,727	7,369	7,370	5,500	6,000
TY Imports	4,727	4,727	7,369	7,370	5,500	6,000
TY Imp. from U.S.	1,316	1,470	1,183	1,223	0	
Total Supply	156,742	156,878	156,575	156,298	150,713	149,229
MY Exports	22,906	22,906	16,439	16,569	16,500	17,500
TY Exports	22,906	22,906	16,439	16,569	16,500	17,500
Feed and Residual	52,500	52,500	57,000	58,000	55,500	53,000
FSI Consumption	69,500	69,744	69,500	69,500	69,500	69,500
Total Consumption	122,000	122,224	126,500	127,500	125,000	122,500
Ending Stocks	11,836	11,728	13,636	12,229	9,213	9,229
Total Distribution	156,742	156,878	156,575	156,298	150,713	149,229
1000 HA, 1000 MT, MT/HA						

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	12,465	12,455	11,966	11,920	12,544	12,400
Beginning Stocks	15,532	15,532	7,952	7,781	5,116	5,086
Production	53,514	53,463	51,509	51,400	54,254	53,500
MY Imports	174	176	431	430	200	200
TY Imports	286	285	400	400	200	200
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	69,220	69,171	59,892	59,611	59,570	58,786
MY Exports	4,868	4,868	3,076	3,025	3,000	3,300
TY Exports	4,594	4,594	3,400	3,400	3,000	3,300
Feed and Residual	41,200	41,400	36,500	36,500	37,800	37,000
FSI Consumption	15,200	15,122	15,200	15,000	15,200	15,000

Total Consumption	56,400	56,522	51,700	51,500	53,000	52,000
Ending Stocks	7,952	7,781	5,116	5,086	3,570	3,486
Total Distribution	69,220	69,171	59,892	59,611	59,570	58,786
1000 HA, 1000 MT, MT/HA						

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	8,015	8,766	8,750	8,994	9,050
Beginning Stocks	5,208	5,208	4,923	4,816	5,994	6,416
Production	55,934	56,125	65,271	66,000	55,612	55,000
MY Imports	7,359	7,436	6,300	6,000	5,000	7,000
TY Imports	7,359	7,436	6,300	6,000	5,000	7,000
TY Imp. from U.S.	945	1,029	0	0	0	0
Total Supply	68,501	68,769	76,494	76,816	66,606	68,416
MY Exports	1,078	1,078	3,200	3,200	500	1,000
TY Exports	1,078	1,078	3,200	3,200	500	1,000
Feed and Residual	47,500	48,000	52,000	52,000	46,000	48,000
FSI Consumption	15,000	14,875	15,300	15,200	15,500	15,500
Total Consumption	62,500	62,875	67,300	67,200	61,500	63,500
Ending Stocks	4,923	4,816	5,994	6,416	4,606	3,916
Total Distribution	68,501	68,769	76,494	76,816	66,606	68,416
1000 HA, 1000 MT, MT/HA						

Rye 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	2,323	2,298	2,283	2,260	2,341	2,250
Beginning Stocks	1,727	1,727	1,032	1,040	901	921
Production	7,592	7,540	6,939	6,900	8,144	8,350
MY Imports	19	21	289	290	50	50
TY Imports	36	35	275	275	50	50
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	9,338	9,288	8,260	8,230	9,095	9,321
MY Exports	106	109	59	59	75	75
TY Exports	71	71	65	65	75	75
Feed and Residual	3,700	3,700	2,800	2,900	3,800	4,100
FSI Consumption	4,500	4,439	4,500	4,350	4,500	4,500
Total Consumption	8,200	8,139	7,300	7,250	8,300	8,600
Ending Stocks	1,032	1,040	901	921	720	646
Total Distribution	9,338	9,288	8,260	8,230	9,095	9,321
1000 HA, 1000 MT, MT/HA						

Sorghum 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	113	113	111	110	100	110
Beginning Stocks	24	24	17	21	14	13
Production	626	629	675	670	549	600
MY Imports	921	921	88	88	300	300
TY Imports	922	922	125	125	300	300

TY Imp. from U.S.	628	774	0	0	0	0
Total Supply	1,571	1,574	780	779	863	913
MY Exports	4	4	6	6	5	5
TY Exports	4	4	5	5	5	5
Feed and Residual	1,540	1,540	750	750	825	875
FSI Consumption	10	9	10	10	10	10
Total Consumption	1,550	1,549	760	760	835	885
Ending Stocks	17	21	14	13	23	23
Total Distribution	1,571	1,574	780	779	863	913
1000 HA, 1000 MT, MT/HA						

Oats 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	2,742	2,619	2,676	2,625	2,656	2,650
Beginning Stocks	1,224	1,224	813	758	832	795
Production	7,446	7,324	7,782	7,750	7,948	7,600
MY Imports	2	5	4	4	5	5
TY Imports	6	5	5	5	5	5
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	8,672	8,553	8,599	8,512	8,785	8,400
MY Exports	109	109	167	167	100	100
TY Exports	113	113	170	170	100	100
Feed and Residual	5,950	5,950	5,800	5,800	6,000	5,750
FSI Consumption	1,800	1,736	1,800	1,750	1,800	1,750
Total Consumption	7,750	7,686	7,600	7,550	7,800	7,500
Ending Stocks	813	758	832	795	885	800
Total Distribution	8,672	8,553	8,599	8,512	8,785	8,400
1000 HA, 1000 MT, MT/HA						

Mixed Grain 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	4,346	4,077	4,109	4,050	4,021	3,500
Beginning Stocks	2,139	2,139	1,672	1,657	1,139	1,157
Production	15,133	14,990	14,067	14,500	14,488	14,750
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	17,272	17,129	15,739	16,157	15,627	15,907
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	14,400	14,300	13,400	13,800	13,500	14,000
FSI Consumption	1,200	1,172	1,200	1,200	1,200	1,200
Total Consumption	15,600	15,472	14,600	15,000	14,700	15,200
Ending Stocks	1,672	1,657	1,139	1,157	927	707
Total Distribution	17,272	17,129	15,739	16,157	15,627	15,907
1000 HA, 1000 MT, MT/HA						