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Weather woes mount for EU28 grain crop

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Approved By:
Stanley S. Phillips
Prepared By:
Steve Knight

Report Highlights:
The EU28 grain harvest is now well under way, having started earlier than normal in most Member States due to a very dry spring. The exception is Spain where wet weather has delayed the harvest. The mainly dry conditions since April have reduced yields, especially of spring crops, and continue to prevail in northern Member States. In the south east, in Bulgaria, Romania and Greece, there has been a recent respite with rains but these have disrupted the harvest. With mixed fortunes in the fall and over winter, weather has once again proved the biggest challenge for the EU28 grains crop. Overall, prospects for yield are down on previous expectations and the view on quality is mixed. The total MY2018/19 EU28 grain crop is currently forecast to reach 296.5 MMT, below expectations earlier in the year and nearly 31 MMT lower than the record set in MY2014/15.

General Information

This report updates the outlook for EU28 grain and feed, and Production, Supply and Demand (PS&D) forecasts for the Marketing Year (MY) 2018/19. Unless stated otherwise, data in this report is based on the views of Foreign Agricultural Service analysts in the EU28 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 covering France
Ornella Bettini, FAS/Rome covering Italy
Mila Boshnakova, FAS/Sofia covering Bulgaria
Monica Dobrescu, FAS/Bucharest covering Romania
Dimosthenis Faniadis, FAS/Rome covering Greece
Bob Flach, FAS/The Hague covering the Netherlands, Finland, Denmark, and Sweden
Gellert Golya, FAS/Budapest covering Hungary
Marta Guerrero, FAS/Madrid covering Spain and Portugal
Mira Kobuszynska, FAS/Warsaw covering Poland, Lithuania, Latvia, and Estonia
Steve Knight, FAS/London covering the United Kingdom and Ireland
Roswitha Krautgartner, FAS/Vienna covering Austria and Slovenia
Sabine Lieberz, FAS/Berlin covering Germany
Jana Mikulasova, FAS/Prague covering the Czech Republic and Slovakia
Andreja Misir, FAS/Zagreb covering Croatia
Yvan Polet, FAS/USEU/Brussels covering Belgium and Luxembourg
Barrie Williams, FAS/USEU/Brussels covering policy

HA = Hectares
MT = Metric Tonne
MY = Marketing Year. Post and USDA official data both follow the EU28 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

European Union Grain and Feed Overview

A wet fall and mild winter were both cause for some concern but the late February cold snap was generally positive for the EU28 crop outlook, in terms of both size and quality. Cold and wet weather then delayed spring plantings in a number of Member States only for much of the EU28, and especially the north, to be hit by a prolonged hot, dry period from April onwards. This has negatively affected yields and brought the harvest forward in many Member States. The implications for quality are reported to be varied. While rain has now arrived in Bulgaria, Romania and Greece, it is too late for most crops, with the exception of corn, and is causing disruption to the harvest. With it remaining dry in France and the UK, the quality outlook in these two countries remains more uncertain but yields are certainly down on previous expectations. Spain, once again, appears to be the exception to the rule, having experienced a much wetter growing season than normal, delaying harvest but generally positive for crop development and production. Necessarily, the challenging weather across the EU28 means average yields are down and quality is reported as being mixed.

The total area planted to grain crops in the EU28 in MY2018/19 is forecast down 600,000 hectares year-on-year with reduced areas planted to wheat, barley, rye and mixed grain. The area planted to both corn and oats is now forecast unchanged year-on-year. Currently, average wheat yields are forecast lower than in MY2017/18 but not down to the MY2016/17 level. However, the planted area is lower than the latter year meaning, at 143.5 MMT, production is forecast two million tonnes down on MY2016/17 and nearly eight million tonnes year on year. EU28 barley production is currently thought to have been less affected by the dry conditions and is forecast to reach 60.5 MMT, 1.5 MMT up on MY2017/18. However, both the EU28 rye and mixed grain crops are forecast lower than previously thought, at seven MMT and 15.2 MMT respectively, mainly due to downward revisions to the outlook for the Polish crops. More uncertainty surrounds the EU28 corn crop due to its later harvest but, even here, production is forecast down year-on-year and on the previous forecast, albeit only marginally at 61.1 MMT. Overall, total EU28 grain production is now forecast at just under 297 MMT but much uncertainty remains as to the full impact of the dry weather on quality, as well as the full impact of the variable weather over the growing season on yields.

The total supply of grain in the EU28 in MY2018/19 is forecast at 346.3 MMT, down 7.3 MMT year-on-year, mainly due to the aforementioned reduced production. Total EU28 grain consumption is currently forecast at nearly 288 MMT in MY2018/19. Within this total, Food, Seed & Industrial (FSI) use of grains, which continues to rise year-on-year, is now forecast to surpass 115 MMT. Increased food use of wheat in France in MY2017/18 was a factor in the ongoing rise but it is increasing use of corn in the industrial sector in Austria, Spain and Hungary that has been the consistent driver and is forecast to continue to be a significant factor in MY2018/19. In particular, there has been significant expansion in Hungary's corn processing capacity in recent years and the construction of a new processing factory was completed in October 2017. The latter facility's annual processing capacity will progressively increase resulting in higher demand for domestic corn as of MY2018/19. Total feed use in MY2018/19 is now forecast to fall 3.5 MMT, more than previously forecast due to reduced usage of both wheat and corn. The MY2018/19 corn import forecast remains at 16 MMT, Spain necessarily being the largest recipient.

EU wheat exports in MY2017/18 are also left unchanged on the previous forecast, at 23.3 MMT. A 1.2 MMT increase is currently forecast for MY2018/19 but with France, the EU's largest exporter, this figure will be heavily dependent on the ultimate size and quality of their crop. The net result is a forecast

three MMT reduction in wheat ending stocks.

Country specific crop development

The Baltic States - Latvia, Estonia and Lithuania – are all forecast to see a significant 30 to 40 per cent reduction in production of winter grains. Excessive moisture in the fall meant farmers could not access flooded fields reducing the total acreage planted. Overall, in MY 2018/19 the total grain production will be 30 percent lower than in the previous year, the drought from April onwards offsetting any possible production increase due to the larger area planted to spring grains.

Polish grain production is forecast over 14 percent down year-on-year, due to lower crop yields and a reduced planted area. The winter crop area was reduced due to difficult weather conditions during planting. Notably, heavy rains in northwestern Poland stopped farmers from getting into their fields and unfavorable weather conditions prolonged the previous corn harvest in the north. This was partially offset by an increase in the planted area for spring crops, with spring wheat and triticale accounting for the largest increases. A mild winter meant there were no reports of winterkill, although in early March a hard frost, coupled with little snow cover, did affect barley development. Soil moisture conditions were good through April 2018 when the country was hit by the drought that has affected much of northern Europe. The subsequent dry and hot weather, which continued through mid-June, has negatively affected yields as well as grain quality. Both rye and mixed grains, large crops in Poland, have reduced areas following the unfavorably wet weather conditions in the fall, with yields also lower due to the drought. Recent rains improved growing conditions for corn, which remains the only grain still minimally affected by the drought. For other grains, the recent rains were too late to improve yields, making the ongoing harvest more difficult, and raised costs due to the need for drying. An increased proportion of Polish grain production is expected to be diverted toward livestock feed instead of entering the human food chain.

In Bulgaria, both the winter wheat and barley harvests began earlier than usual in 2018. Following a mild winter, most production regions experienced unfavorable spring weather, including dry weather during early spring, as well as hailstorms. Frequent rain in early April delayed corn planting. In April and May, temperatures in Bulgaria were consistently warmer than average. Warm conditions led to accelerated crop development and caused early spring dryness in regions where rainfall was below normal, mainly in northeast. In other regions, including the northwest, rainfall was sufficient and supported crop development. Frequent rains and cooler temperatures in June slowed the harvest and has led to quality and yield problems, as well as higher risk of diseases and pests. Wheat and barley yields are forecast to decline year-on-year, albeit from the record levels experienced in MY2017/18. Corn planting was delayed due to rainy weather in April. Planted area is estimated to increase slightly. Rainy June weather is supporting the corn crop and, if the positive outlook continues, it bodes well for production being similar to, or slightly above, MY2017/18.

Romanian grain production is forecast to decline in MY2018/19 based on the current crop status and initial harvest reports. The long and mild autumn allowed the winter crops to develop well. Snow in March brought the necessary cover to protect the crops from a cold snap and freezing rain. Excessive moisture from snow caused waterlogging, especially in areas along the Danube River. In areas with

high levels of soil moisture, plant root systems did not extend deeply, so these areas experienced difficulties during the spring dry spell. Soil moisture levels were low or critically low in the eastern and southeastern regions, leading to undersized crops and poor kernel development. Other regions saw more favorable rainfall and crops developed better. The winter wheat and barley harvest started earlier than usual. Yields were above the five-year average, but down from last season. Recent rainfall boosted spring crops, which had a difficult start due to dry weather.

The Romanian winter wheat crop benefitted from a long and mild autumn. Later in the spring, hot weather and drought conditions during the last two months of wheat development damaged the crop in the southeastern and eastern areas of Romania. Wheat yield losses in these areas will be partially offset by excellent crop development in the southwestern and western regions. The summer harvest started early in June, somewhat earlier than normal, as hot weather in late May and June matured the crop. The first field reports indicated that crop quality was good vis-à-vis protein levels and test weights but increased moisture content is affecting the quality, so the share of milling wheat is shrinking compared to a normal year.

The MY2018/19 Romanian corn area planted declined from last year, mostly due to profitability in the areas experiencing drought the previous years. The corn planting season was difficult as snow and low temperatures prohibited farmers from planting during the most favorable timeframe. The subsequent snowmelt led to waterlogging and muddy field conditions in some areas. Unusually high temperatures in April led to quick water evaporation and very dry conditions. Some farmers switched to early maturing corn hybrids. May and the most part of June saw dry and hot weather in the eastern and southeastern regions. Although warm weather persisted in western and central Romanian, these regions saw more favorable rainfall. During the latter half of June, ample rain fell across the country and alleviated heat and drought stress, creating an opportunity for the corn crop to recover. Corn yields are now expected to be slightly lower than last year due to the late planting and poor spring weather, meaning production is currently forecast 10 percent down on the previous exceptional year.

In Hungary, the unusually hot weather in April 2018 limited the stem elongation of wheat, and crops got in generative phases earlier meaning harvest started two weeks early. Consequently, lower yields and production are forecast in 2018/19. For corn, the MY2018/19 planted area had been forecast up. While it has increased year-on-year, corn was sown on a smaller area than previously expected. The weather has been favorable to crop development thus far.

The persistent drought is rapidly eroding yield on Belgian grain crops. While the dry weather should be beneficial for the crop quality, yield expectations have decreased to average with widespread yield variability. While the dry weather allowed the Belgian barley crop to be harvested in good conditions, with mediocre and variable yields as the cold wet spring affected barley development. The lack of rain has caused the wheat to ripen early and brought the Belgian harvest forward. The MY2018/19 wheat crop is expected to be of good quality, but yields may prove variable as the cold wet spring allowed fungal diseases to invade the crop readily.

In the Czech Republic, production is now forecast lower than originally estimated, because of lower yields caused by the very dry April and May. The largest impact is on the spring crops.

The drought during the spring, particularly in the eastern and northern regions of Austria, affected yields

of grains negatively. With the exception of corn, for which it is too early to forecast, grain yields are generally above the previous year but below average. Austria's grain harvest started exceptionally early this year.

After an extremely wet spring that increased lodging and fusariosis for soft wheat, France is experiencing since mid-June an extended dryness and hot temperatures. While the potential for a good crop was there in early spring, it seems now that, for soft wheat, the excess of rain in the spring led to a lower ear density and thus a lower yield potential. The subsequent heatwave also slowed the grain growth. It also led to premature harvest for both barley and wheat, with an average 10 days to 2 weeks advance to the average. The good news is that the quality is high, with many harvest reports of soft wheat above 12 percent protein. Spring corn plantings in the southwest of France also suffered from adverse weather condition (excess of rain) and may be impacted by the current dryness should it continue through August.

The aforementioned dry conditions continue in the UK. This untypical weather has created much uncertainty. Winter crops are expected to have reduced yields with the spring planted crops even more affected. Like elsewhere in many Member States, harvest has started early and has presented mixed results. As such, it is too early to predict the impact of the prolonged hot spell on UK crops. Similar uncertainty is facing the German crops, albeit the consensus is for reduced yields and variable quality.

Dry weather conditions throughout the winter in Spain and then mild winter and spring temperatures, along with abundant spring precipitation, initially delayed grain crop development. However, very wet weather conditions and mild spring temperatures, prevalent throughout most of the Iberian Peninsula since March 2018, have resulted in giving Spain a sizeable grain crop in both dry and irrigated crop areas. The country's water reservoir levels are at over 70 per cent of its capacity, well above the levels registered in the same period a year earlier. Harvest operations are currently running three weeks later than normal. Spain's total grain production is forecast to be above average in MY2018/19.

Recent Reports from EU Member States

Post	Title	Publication Date
Italy	Italian Rice Overview	3/30/2018
Romania	Recent Rainfall Saves Romanian Corn Crop	7/2/2018
Bulgaria	Grain Market Update	7/3/2018
Spain	Rainy Spring Boosts Grain Yields in Spain	7/5/2018
Poland	Drought Negatively Affects Poland's Grain	7/18/2018
Latvia	Lower Latvian Grain Crop in 2018	7/26/2018

Appendices

Wheat	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jul 2016		Jul 2017		Jul 2018	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	27232	27215	26285	26100	25642	25850

Beginning Stocks	15557	15557	10906	10605	14387	13105
Production	145369	145275	151581	151600	145000	143500
MY Imports	5299	5299	5600	5600	5500	5500
TY Imports	5299	5299	5600	5600	5500	5500
TY Imp. from U.S.	708	0	0	0	0	0
Total Supply	166225	166131	168087	167805	164887	162105
MY Exports	27319	27426	23300	23300	27500	24500
TY Exports	27319	27426	23300	23300	27500	24500
Feed and Residual	56000	56000	58000	58750	54500	55000
FSI Consumption	72000	72100	72400	72650	72500	72300
Total Consumption	128000	128100	130400	131400	127000	127300
Ending Stocks	10906	10605	14387	13105	10387	10305
Total Distribution	166225	166131	168087	167805	164887	162105
Yield	5.3382	5.338	5.7668	5.8084	5.6548	5.5513
(1000 HA) ,(1000 MT) ,(MT/HA)						

Corn	2016/2017		2017/2018		2018/2019	
Market Begin Year	Oct 2016		Oct 2017		Oct 2018	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	8567	8560	8381	8370	8375	8375
Beginning Stocks	6713	6713	7286	7795	7503	6545
Production	61739	61850	62217	62250	61500	61100
MY Imports	15023	15022	16500	16500	16000	16000
TY Imports	15023	15022	16500	16500	16000	16000
TY Imp. from U.S.	869	0	0	0	0	0
Total Supply	83475	83585	86003	86545	85003	83645
MY Exports	2189	2190	2000	2000	1500	2000
TY Exports	2189	2190	2000	2000	1500	2000
Feed and Residual	55000	54500	57000	58000	58500	56500
FSI Consumption	19000	19100	19500	20000	19500	20500
Total Consumption	74000	73600	76500	78000	78000	77000
Ending Stocks	7286	7795	7503	6545	5503	4645
Total Distribution	83475	83585	86003	86545	85003	83645
Yield	7.2066	7.2255	7.4236	7.4373	7.3433	7.2955
(1000 HA) ,(1000 MT) ,(MT/HA)						

Barley	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jul 2016		Jul 2017		Jul 2018	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	12324	12300	12141	12050	12170	12050
Beginning Stocks	6060	6060	5667	5542	5331	5392

Production	59978	59850	59064	58800	60500	60500
MY Imports	398	399	500	450	300	300
TY Imports	447	447	500	500	300	300
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	66436	66309	65231	64792	66131	66192
MY Exports	5669	5667	6200	5800	6800	7000
TY Exports	5683	5683	6200	6200	6800	6800
Feed and Residual	40100	40000	38600	38500	39000	38500
FSI Consumption	15000	15100	15100	15100	15100	15200
Total Consumption	55100	55100	53700	53600	54100	53700
Ending Stocks	5667	5542	5331	5392	5231	5492
Total Distribution	66436	66309	65231	64792	66131	66192
Yield	4.8668	4.8659	4.8648	4.8797	4.9712	5.0207
(1000 HA) ,(1000 MT) ,(MT/HA)						

Rye	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jul 2016		Jul 2017		Jul 2018	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1902	1910	1958	1940	2000	1900
Beginning Stocks	1209	1209	1001	924	872	989
Production	7452	7400	7521	7400	7967	7000
MY Imports	16	16	50	65	50	50
TY Imports	16	16	50	50	50	50
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	8677	8625	8572	8389	8889	8039
MY Exports	76	76	100	75	100	75
TY Exports	139	139	100	100	100	100
Feed and Residual	3900	4000	3900	3700	4100	3750
FSI Consumption	3700	3625	3700	3625	3700	3500
Total Consumption	7600	7625	7600	7325	7800	7250
Ending Stocks	1001	924	872	989	989	714
Total Distribution	8677	8625	8572	8389	8889	8039
Yield	3.918	3.8743	3.8412	3.8144	3.9835	3.6842
(1000 HA) ,(1000 MT) ,(MT/HA)						

Oats	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jul 2016		Jul 2017		Jul 2018	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2568	2570	2680	2690	2675	2690
Beginning Stocks	690	690	642	646	654	750

Production	8049	8050	8107	8100	8539	8550
MY Imports	4	4	5	4	5	5
TY Imports	3	3	5	5	5	5
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	8743	8744	8754	8750	9198	9305
MY Exports	151	148	200	200	350	175
TY Exports	179	179	200	200	350	175
Feed and Residual	6200	6200	6100	6000	6300	6600
FSI Consumption	1750	1750	1800	1800	1850	1825
Total Consumption	7950	7950	7900	7800	8150	8425
Ending Stocks	642	646	654	750	698	705
Total Distribution	8743	8744	8754	8750	9198	9305
Yield	3.1343	3.1323	3.025	3.0112	3.1921	3.1784
(1000 HA) ,(1000 MT) ,(MT/HA)						

Sorghum	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jul 2016		Jul 2017		Jul 2018	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	117	120	123	125	120	125
Beginning Stocks	16	16	39	29	81	79
Production	647	640	667	675	640	675
MY Imports	168	168	200	400	200	200
TY Imports	194	194	200	400	200	200
TY Imp. from U.S.	2	2	0	0	0	0
Total Supply	831	824	906	1104	921	954
MY Exports	2	2	5	2	5	2
TY Exports	2	2	5	2	5	2
Feed and Residual	770	770	800	1000	800	850
FSI Consumption	20	23	20	23	20	22
Total Consumption	790	793	820	1023	820	872
Ending Stocks	39	29	81	79	96	80
Total Distribution	831	824	906	1104	921	954
Yield	5.5299	5.3333	5.4228	5.4	5.3333	5.4
(1000 HA) ,(1000 MT) ,(MT/HA)						

Mixed Grain	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jul 2016		Jul 2017		Jul 2018	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3990	3950	3999	3900	4000	3950
Beginning Stocks	883	883	433	658	528	833

Production	14950	14950	15595	15400	15515	15200
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	15833	15833	16028	16058	16043	16033
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	13900	13500	14000	13500	14000	13700
FSI Consumption	1500	1675	1500	1725	1500	1725
Total Consumption	15400	15175	15500	15225	15500	15425
Ending Stocks	433	658	528	833	543	608
Total Distribution	15833	15833	16028	16058	16043	16033
Yield	3.7469	3.7848	3.8997	3.9487	3.8788	3.8481
(1000 HA) ,(1000 MT) ,(MT/HA)						

Rice, Milled	2016/2017		2017/2018		2018/2019	
Market Begin Year	Sep 2016		Sep 2017		Sep 2018	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	440	440	431	430	419	420
Beginning Stocks	1183	1183	1183	1192	1170	1149
Milled Production	2078	2088	2037	2007	2004	1990
Rough Production	2994	3048	2935	2930	2888	2905
Milling Rate (.9999)	6940	6850	6940	6850	6940	6850
MY Imports	1841	1841	1900	1900	2000	1950
TY Imports	1985	1990	1900	1900	2000	1950
TY Imp. from U.S.	58	51	0	0	0	0
Total Supply	5102	5112	5120	5099	5174	5089
MY Exports	319	320	300	300	300	300
TY Exports	369	369	300	300	300	300
Consumption and Residual	3600	3600	3650	3650	3700	3700
Ending Stocks	1183	1192	1170	1149	1174	1089
Total Distribution	5102	5112	5120	5099	5174	5089
Yield (Rough)	6.8045	6.9273	6.8097	6.814	6.8926	6.9167
(1000 HA) ,(1000 MT) ,(MT/HA)						