# UK Outlook for Cereals & Oilseeds

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CEREALS & OILSEEDS

# Overview

- Wheat
- Barley
- Maize
- Oilseed Rape
- Horticulture

# Wheat

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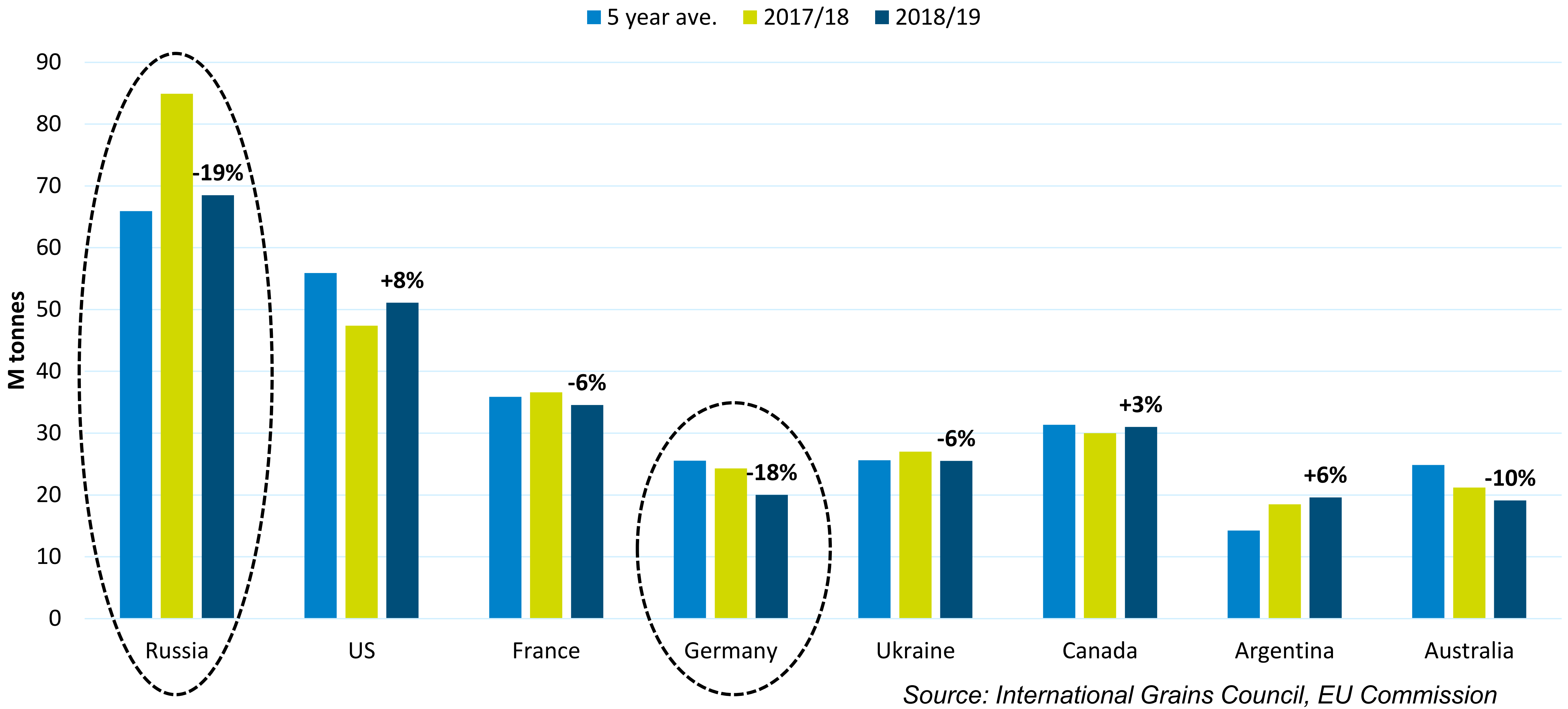
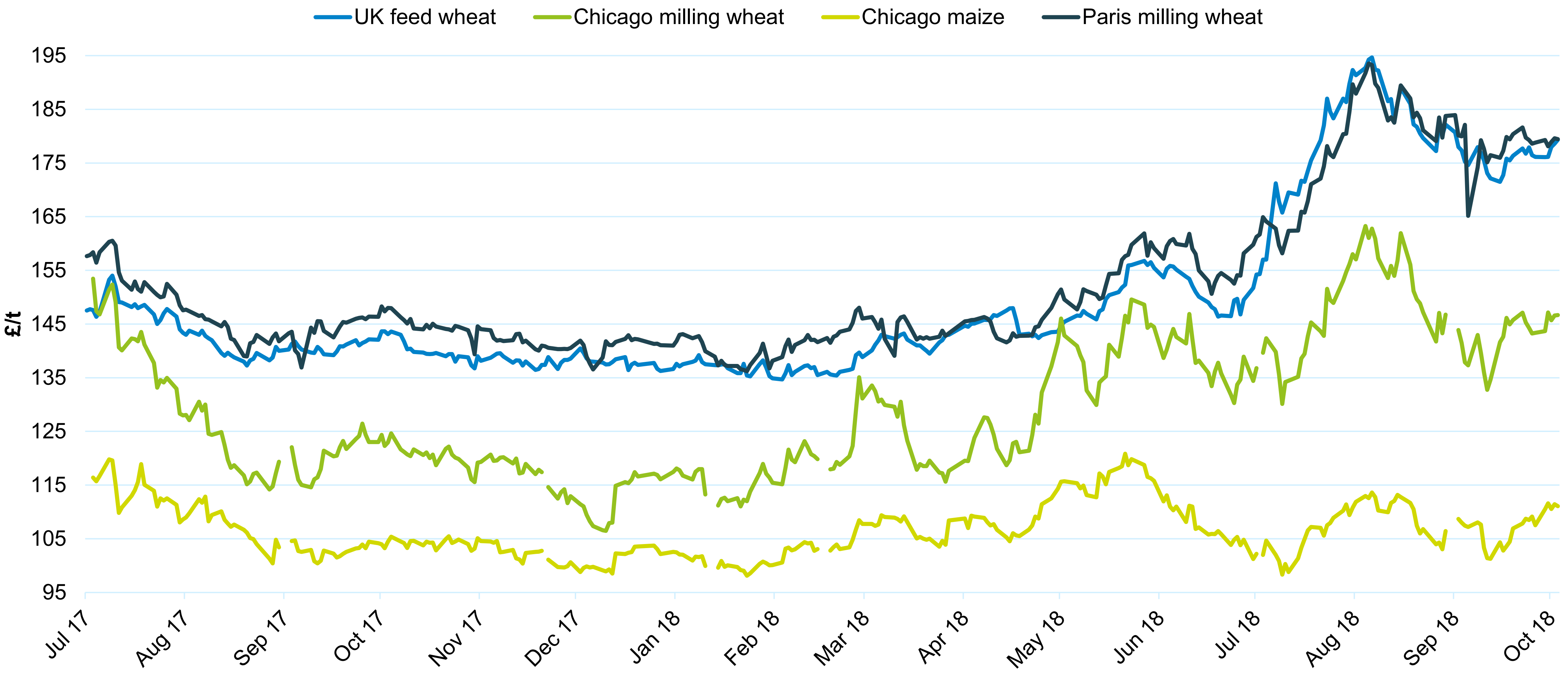
# Wheat production down amongst major exporters



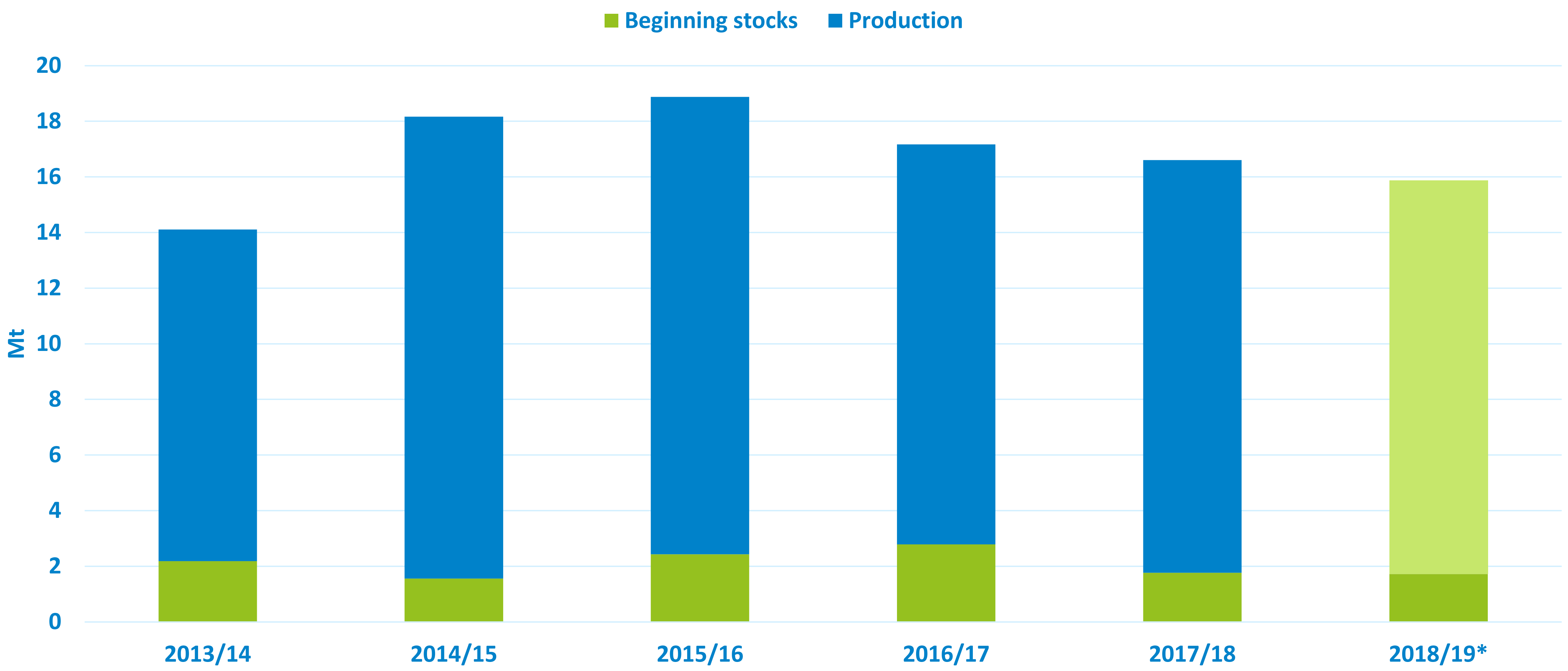

*Source: International Grains Council, EU Commission*

# Nearby global wheat futures rise on crop issues




Source: ICE, MATIF, CBOT

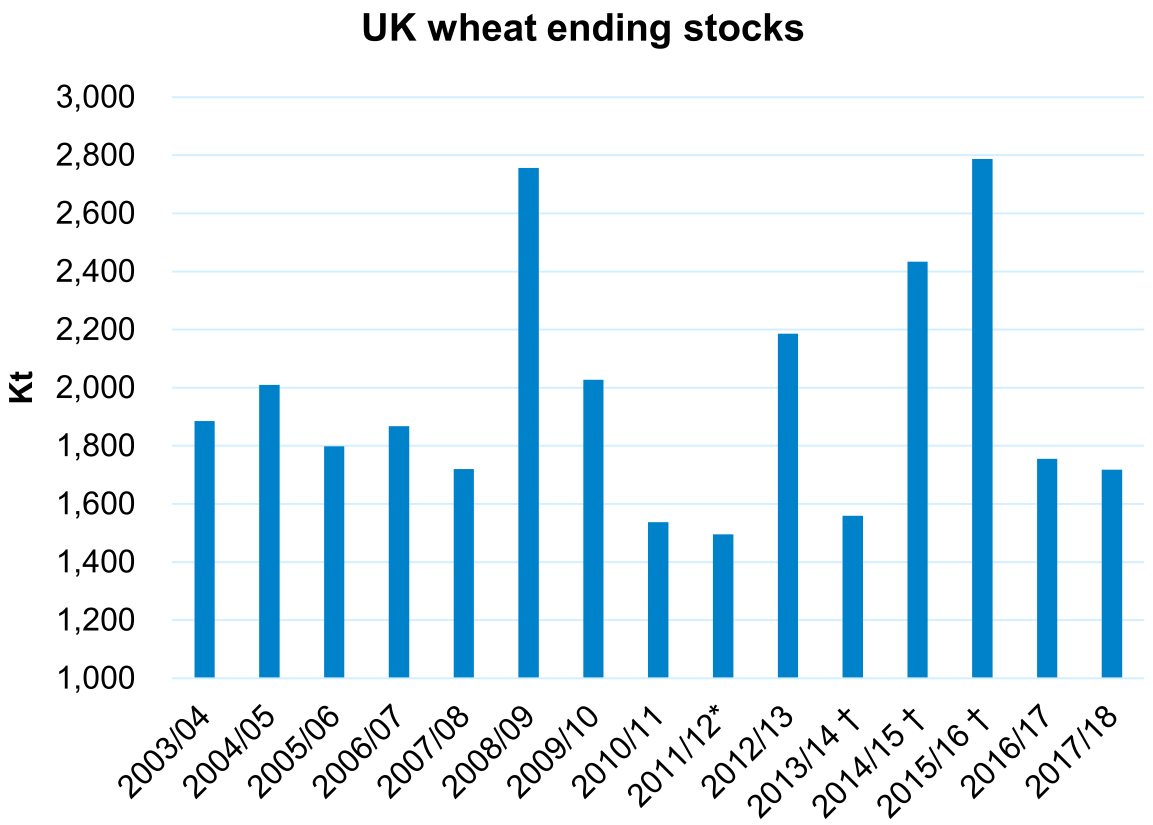
# UK domestic wheat supply the lowest since 2013/14




*7.85t/ha yield scenario and AHDB provisional area

Source: AHDB & Defra

# A tight year ahead…




*In 2011/12 the concept of estimated operating stocks and free stock was introduced for wheat and barley. More information can be found at cereals.ahdb.org.uk
† Adjusted using Defra reallocation method.

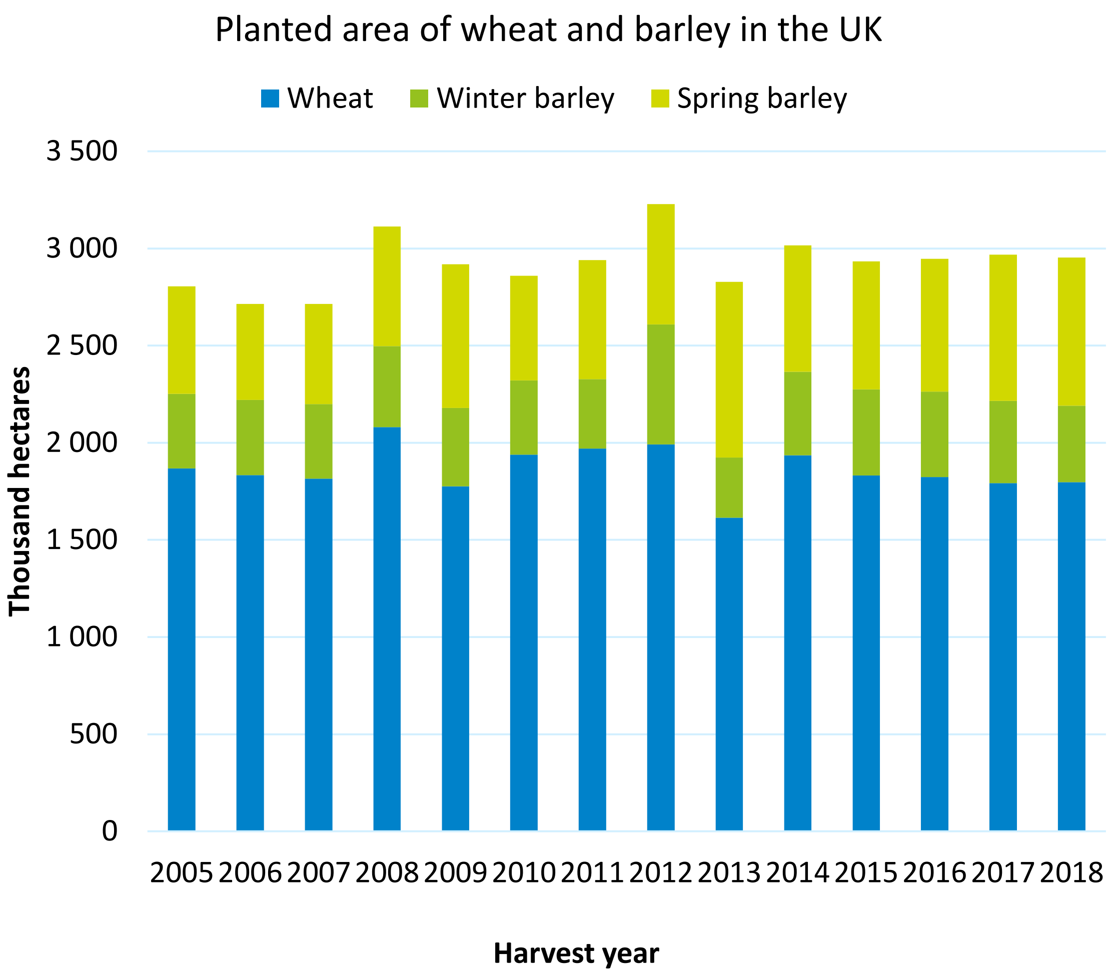
Source: AHDB/ Defra

**Domestic wheat supply and demand scenarios for 2018/19**

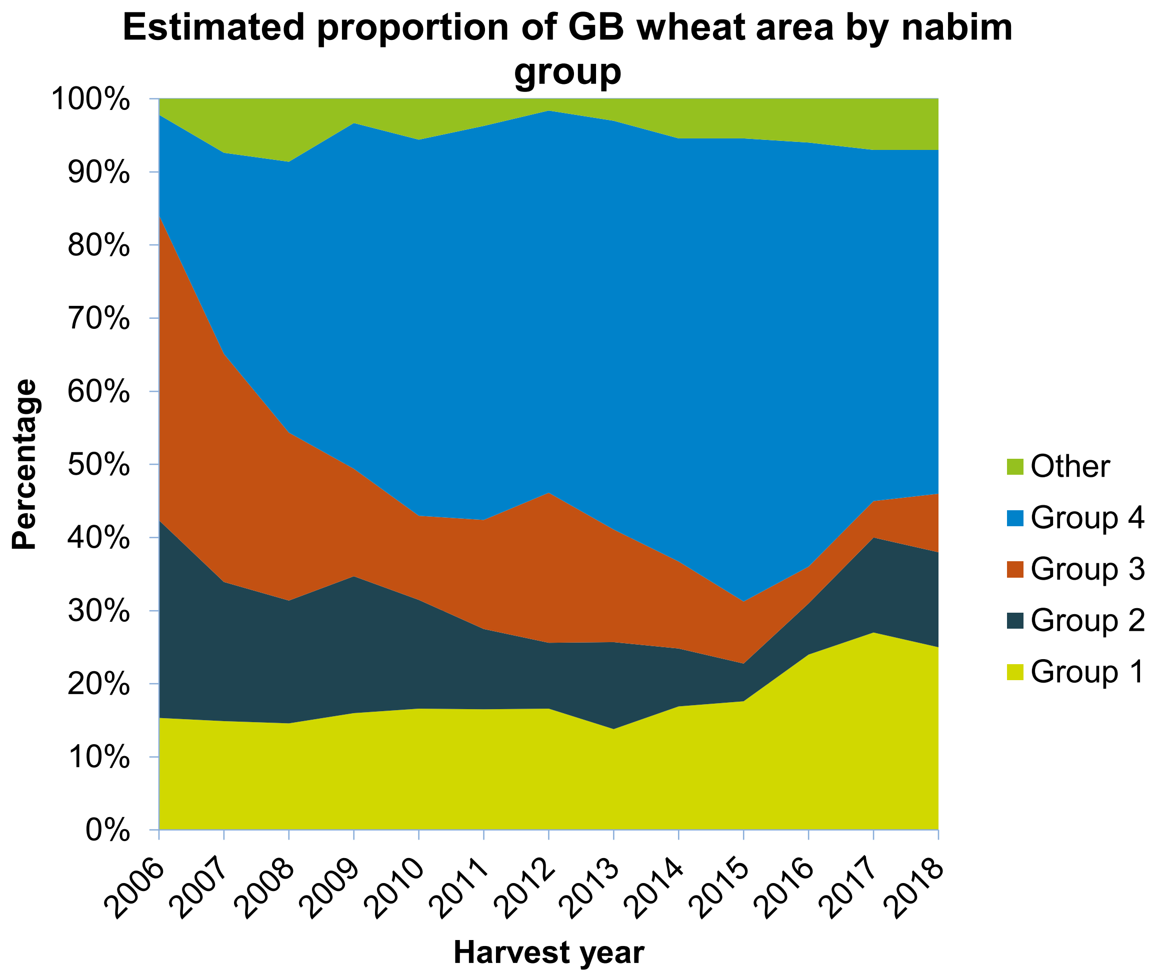
| | **Scenario 1 5 year Maximum consumption** | **Scenario 2 5 year Average consumption** | **Scenario 3 5 year Minimum consumption** |
|---|---|---|---|
| Opening stocks[1] | 1718 | 1718 | 1718 |
| Production | 14086 | 14086 | 14086 |
| 5 year average import level[2] | 1796 | 1796 | 1796 |
| Total Supply | 17600 | 17600 | 17600 |
| **Domestic consumption** | **15786** | **15112** | **14192** |
| Domestic Balance | 1814 | 2488 | 3408 |
| Operating stock requirement[3] | 1600 | 1600 | 1600 |
| Surplus available for export or free stock | 214 | 888 | 1808 |

[1] *End of Season balance sheet closing stocks*
[2] *5 year average import level inc. durum wheat.*
[3] *2017/18 operating stock requirement*

# Wheat area up (marginally), quality area up

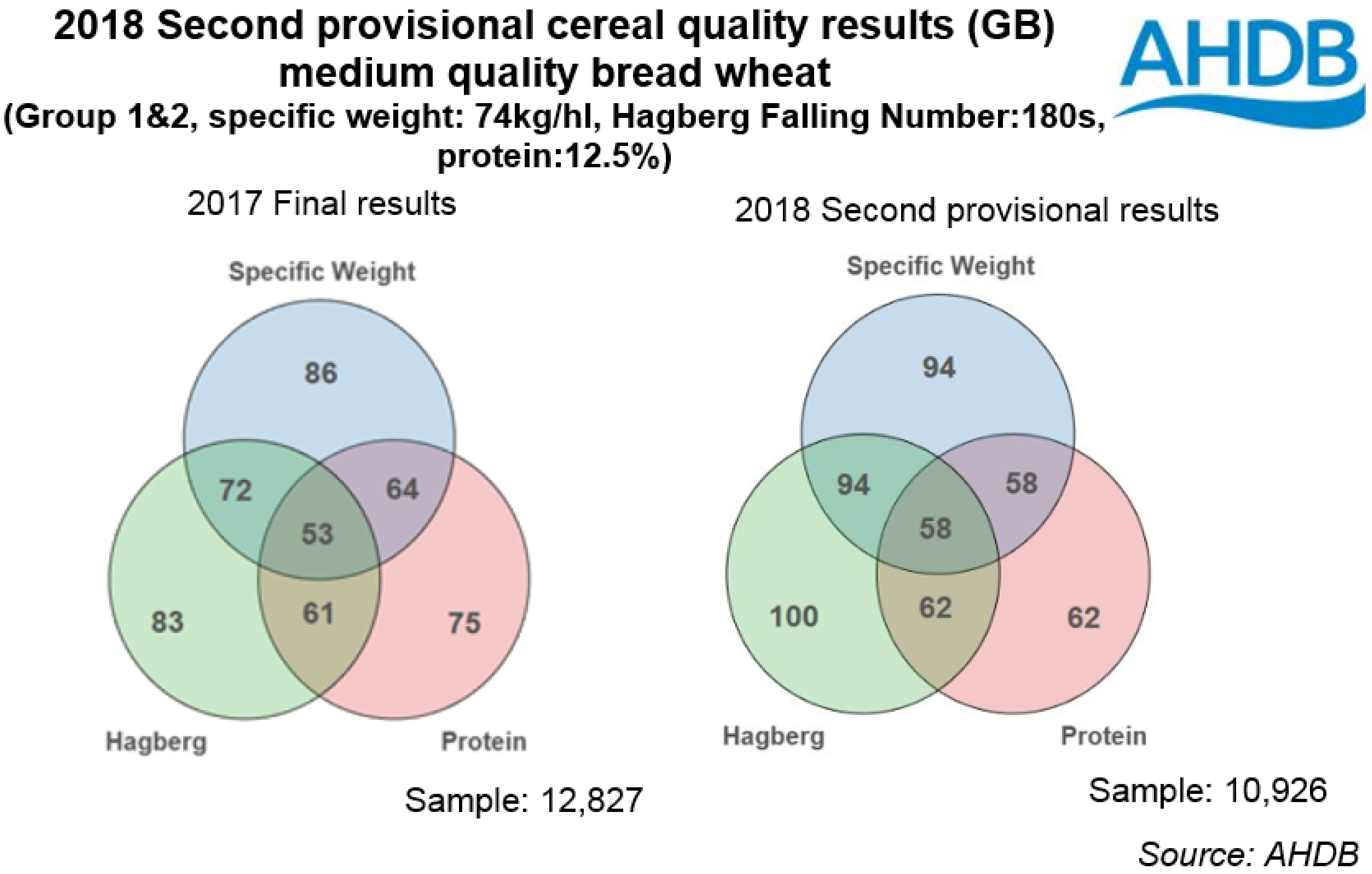



Source: Defra

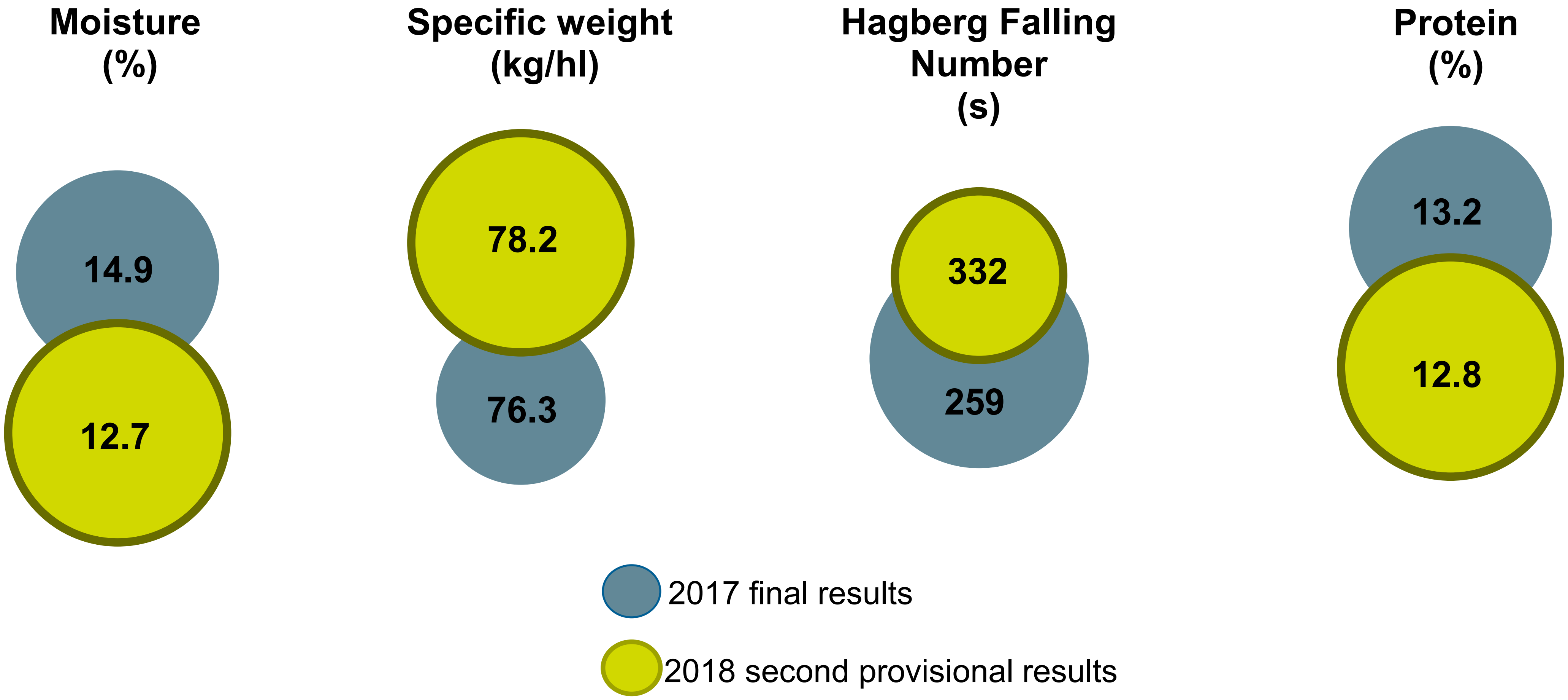



*Source: AHDB Planting and Variety Survey*

# Proportion of **nabim** Group 1&2 samples hitting a medium milling specification



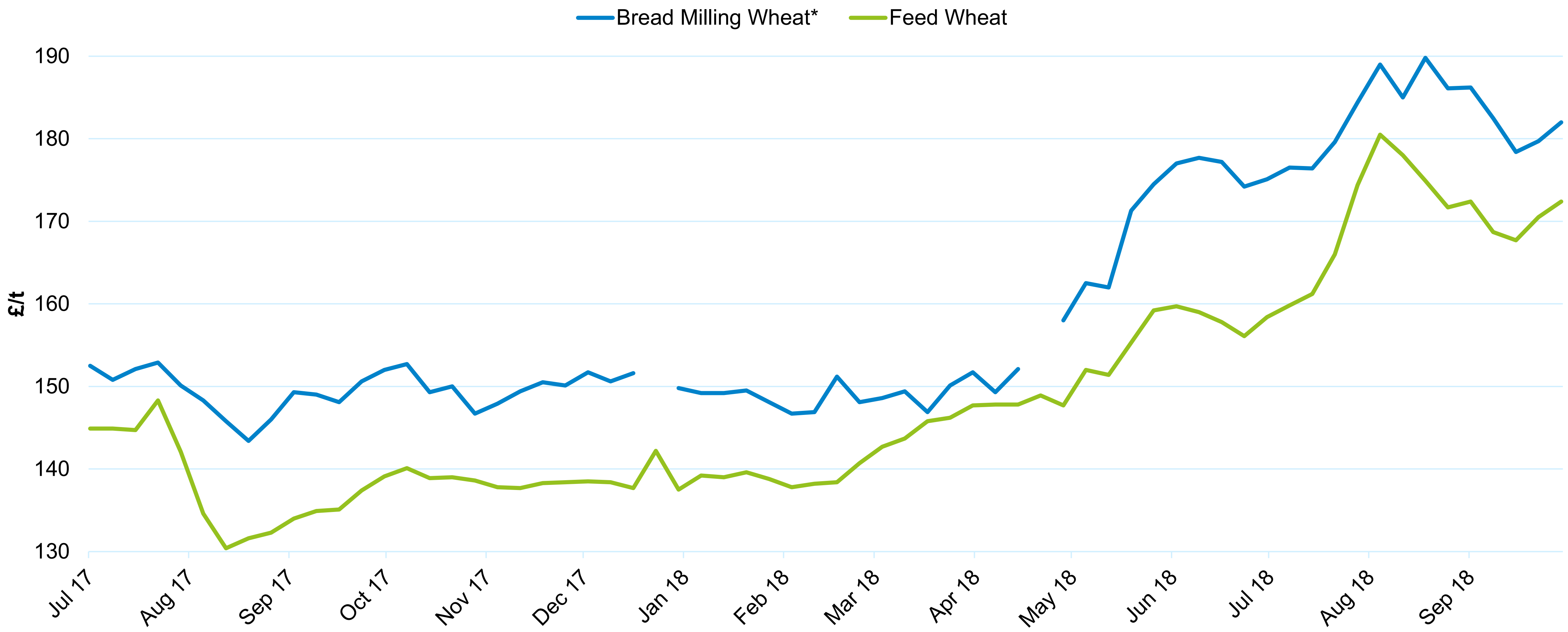
# Greater variation in **nabim** Group 1&2 wheat quality




Number denotes average value, size of bubble represents variation in results i.e. bigger bubble, greater variation.

*Source: AHDB*

# UK ex-farm wheat prices (spot)




* Wheat meeting a high specification – **nabim** Group 1, Specific weight: 76kg/hl, HFN: 250s, Protein: 13.0%

*Source: AHDB Corn Returns*

# Barley

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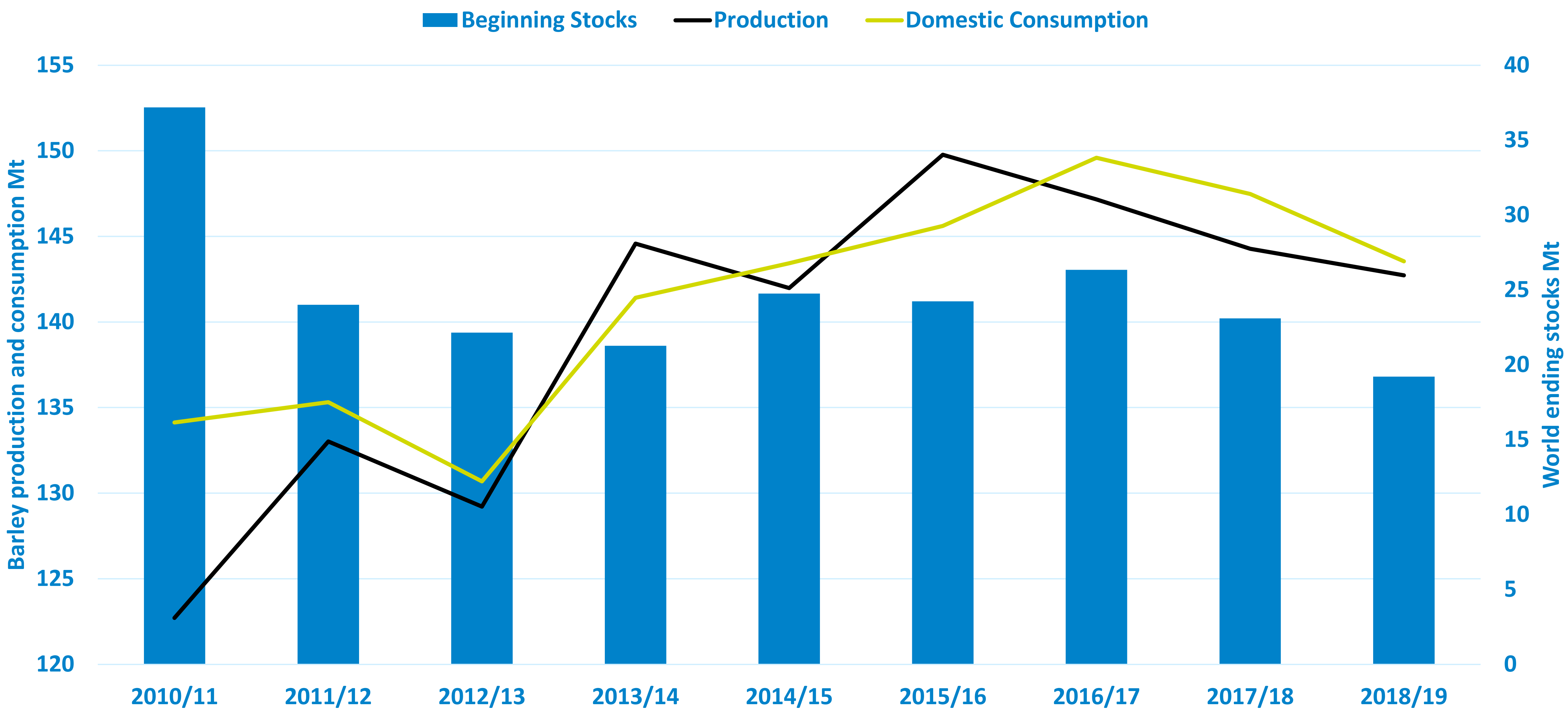
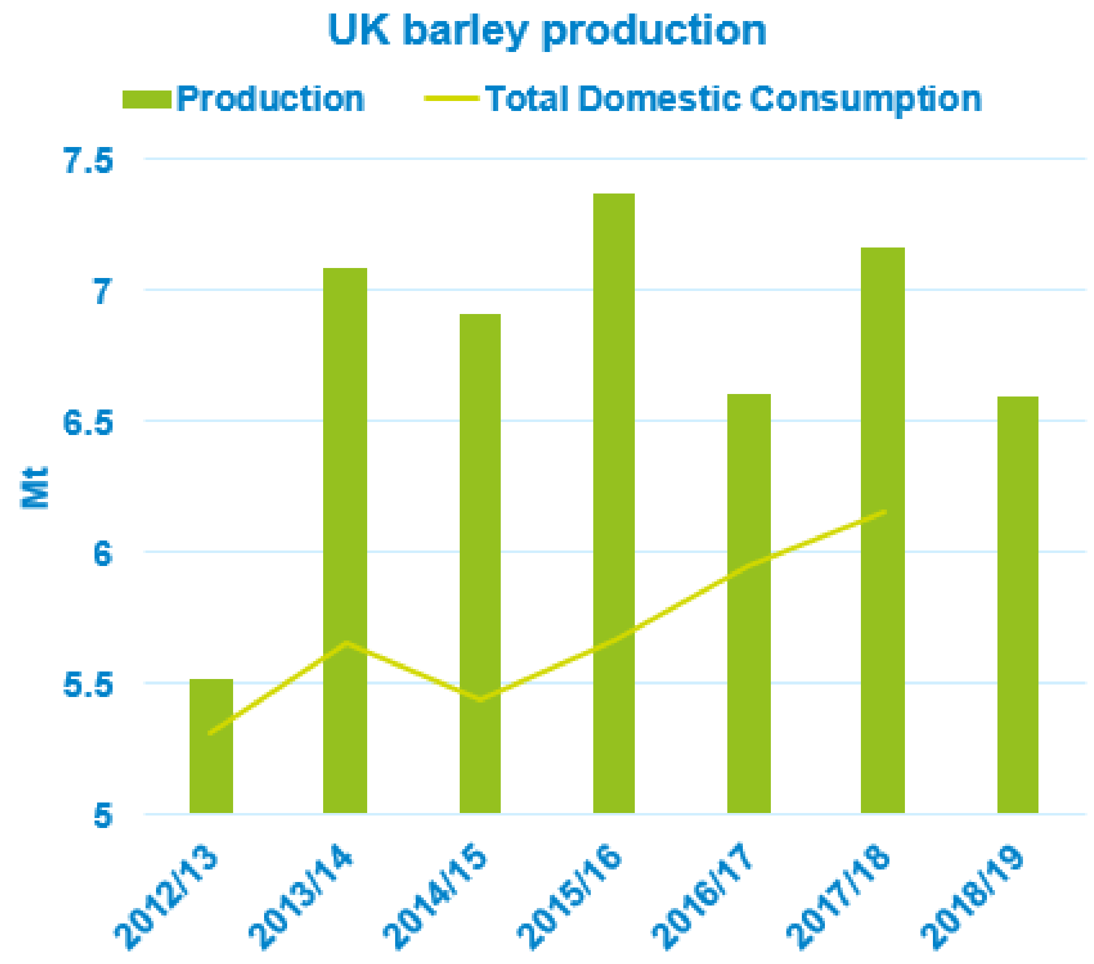
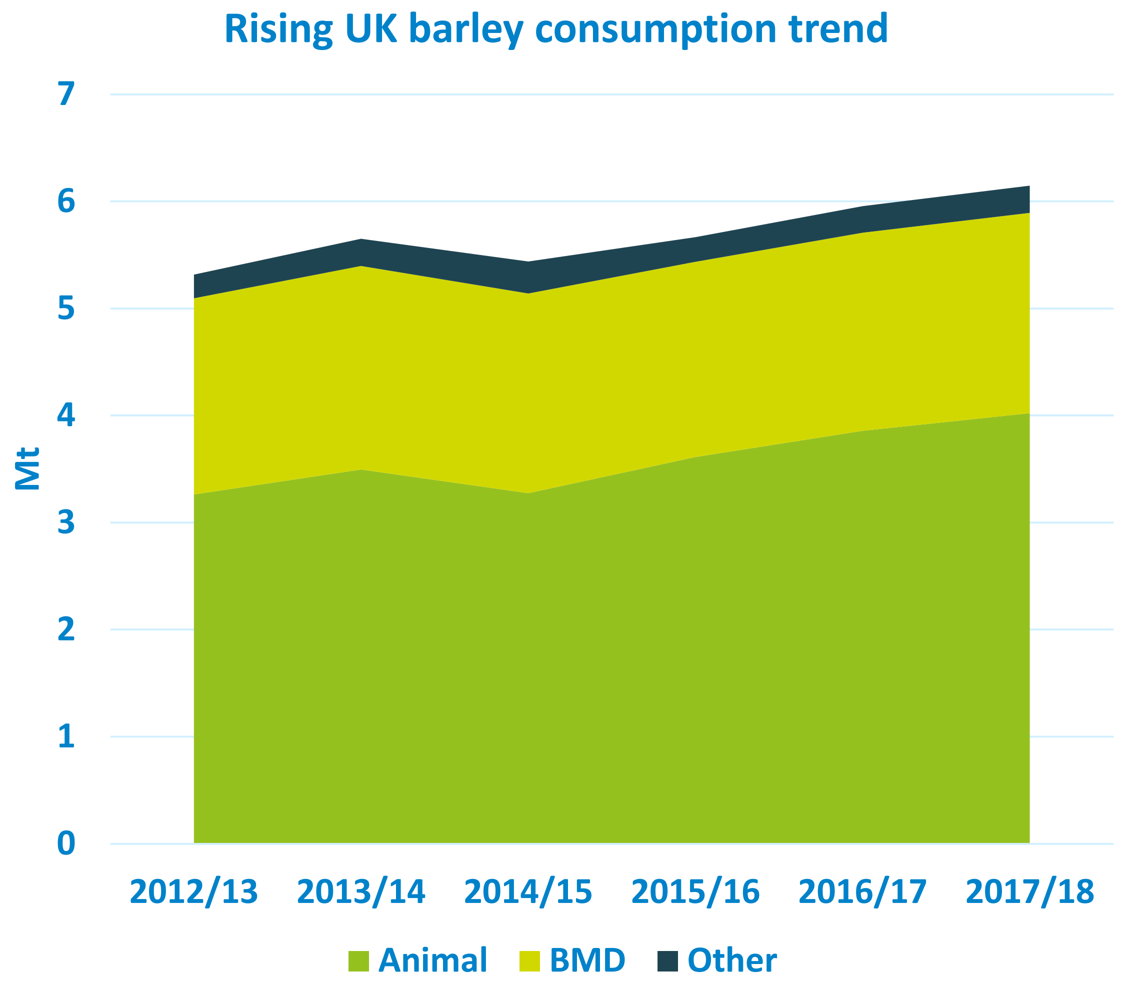
# Global barley deficit again in 2018/19




Source: USDA

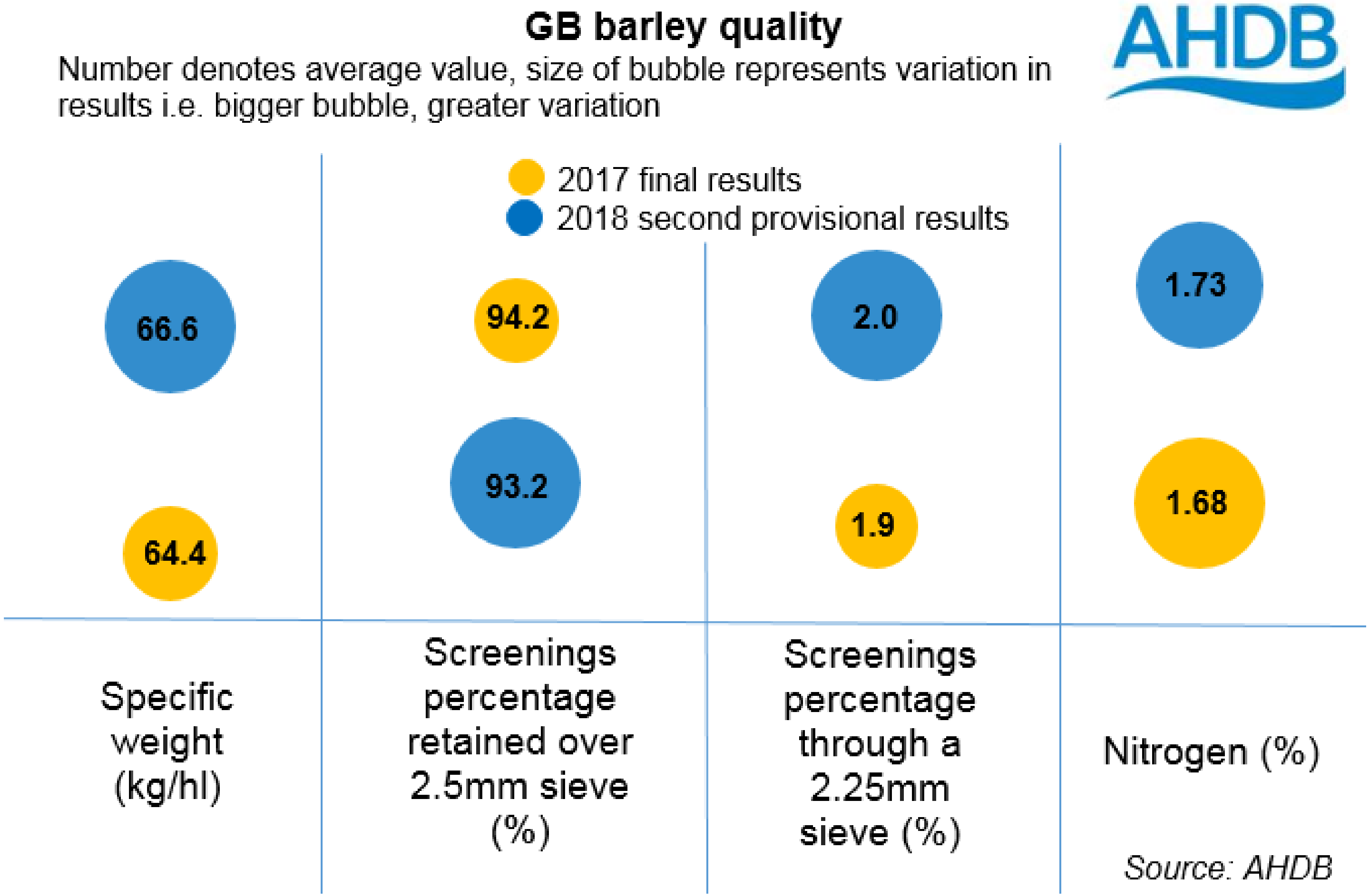
# A tightening UK barley market



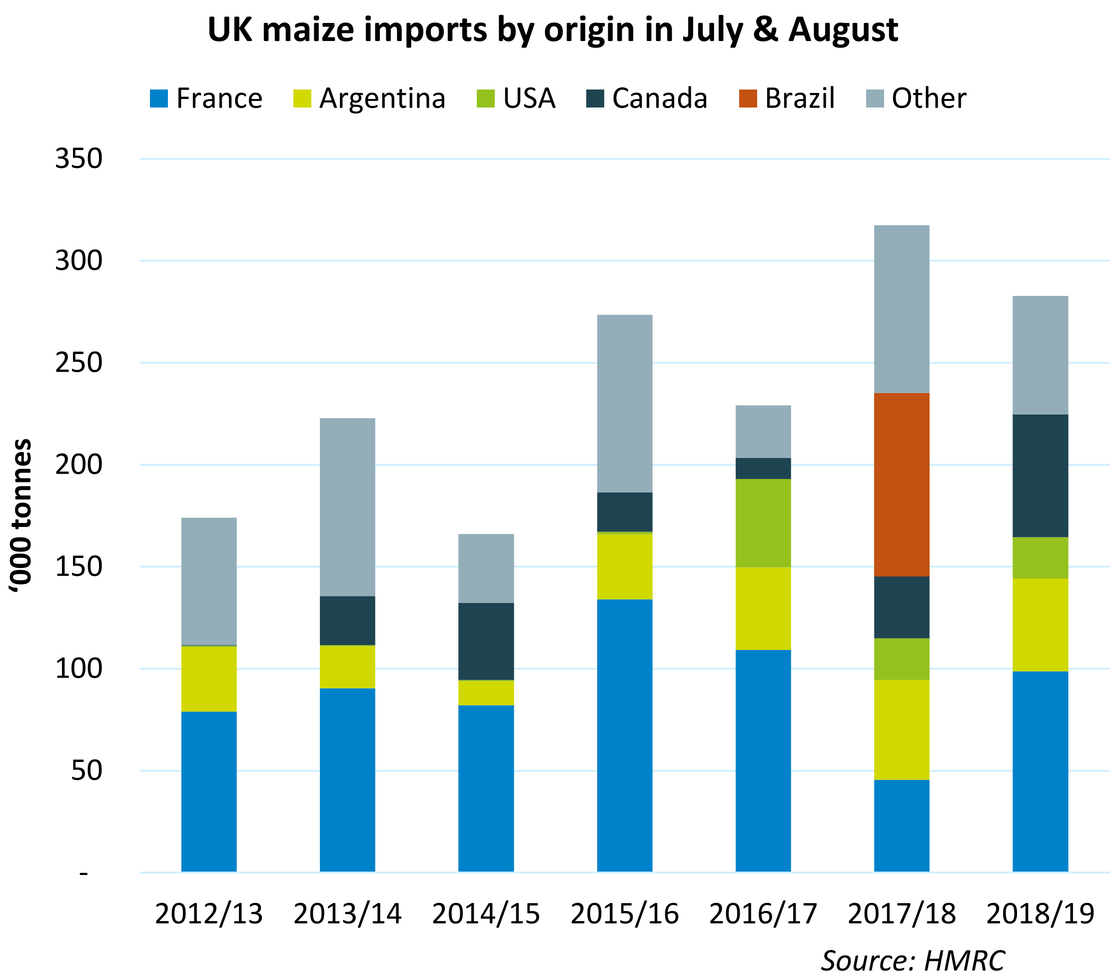

*Source: AHDB & Defra*

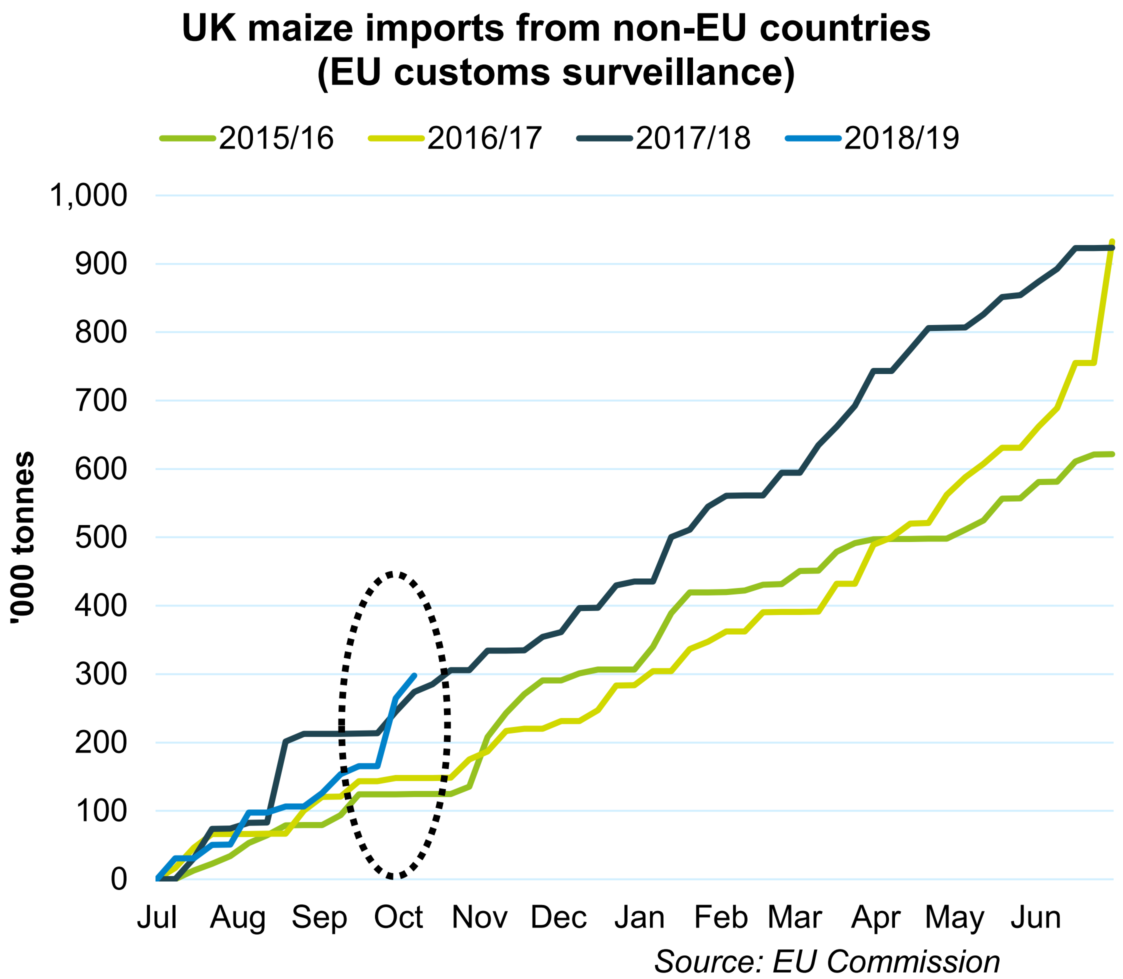
# Increased variability in GB barley crop



# Maize

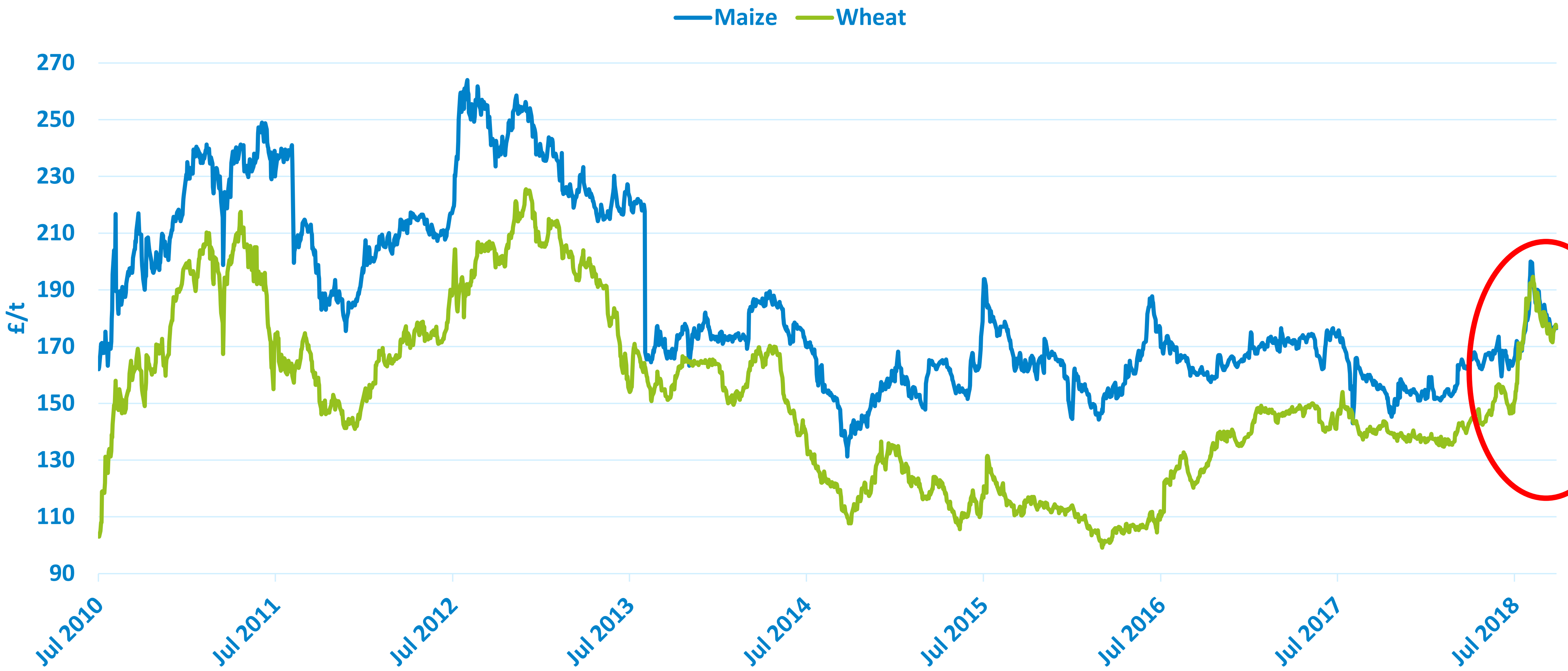
# UK maize imports off to a strong start in 2018/19



# Nearby UK wheat futures and nearby Paris maize

AHDB




Source: ICE, Euronext, ECB

# Oilseeds

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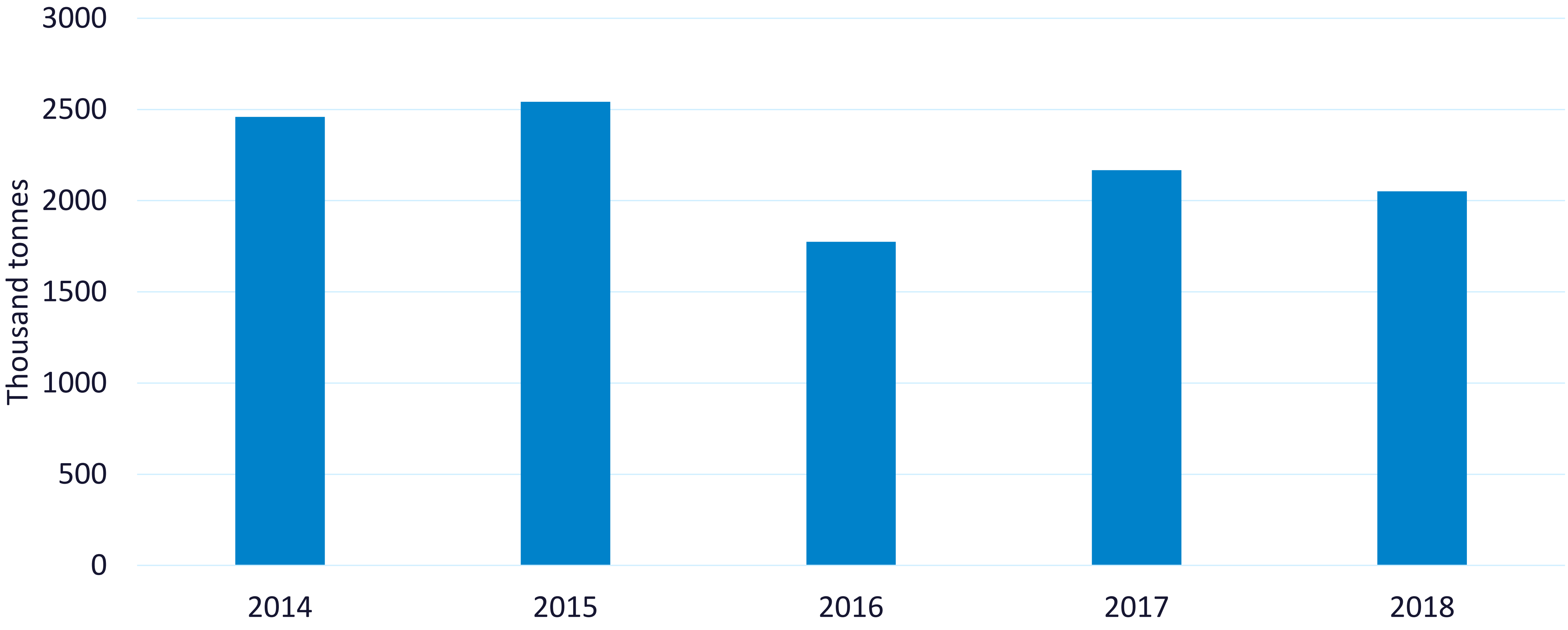
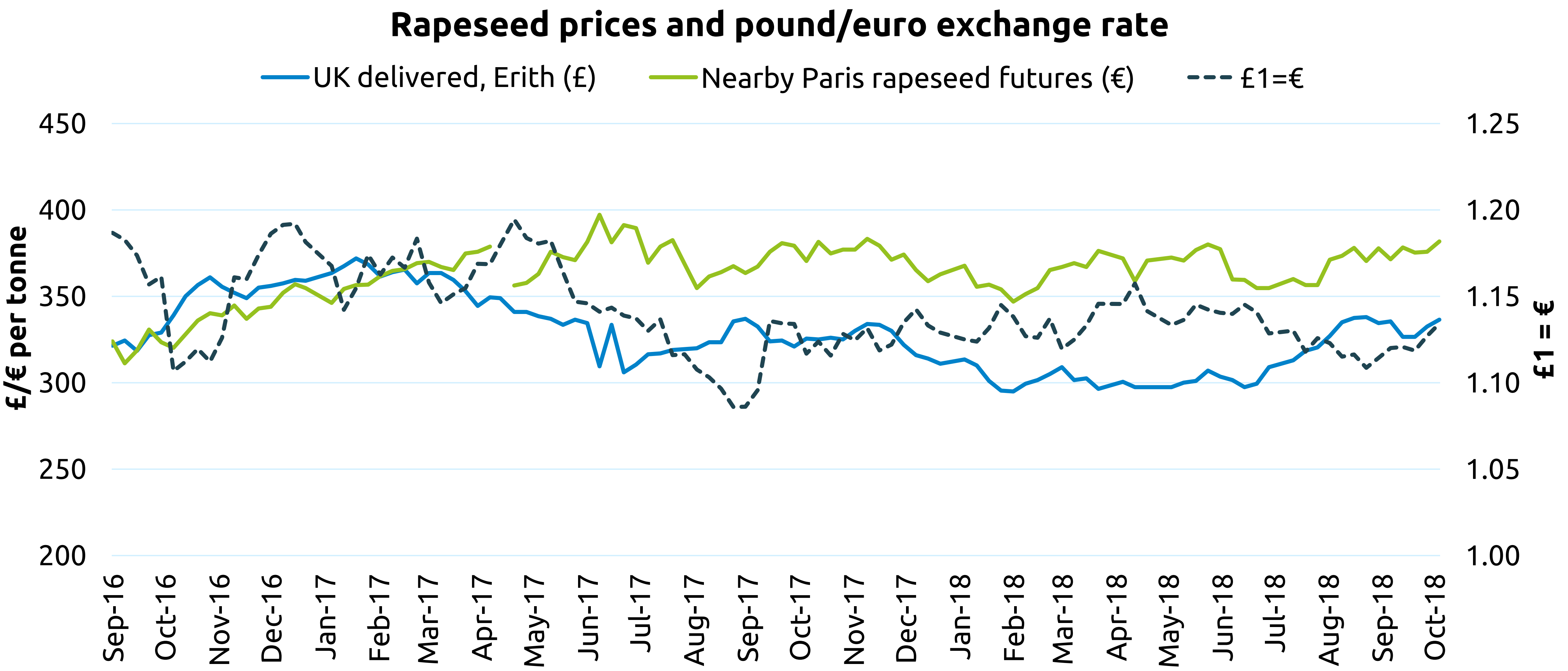
# Rapeseed production back 5% this year




Source: Defra

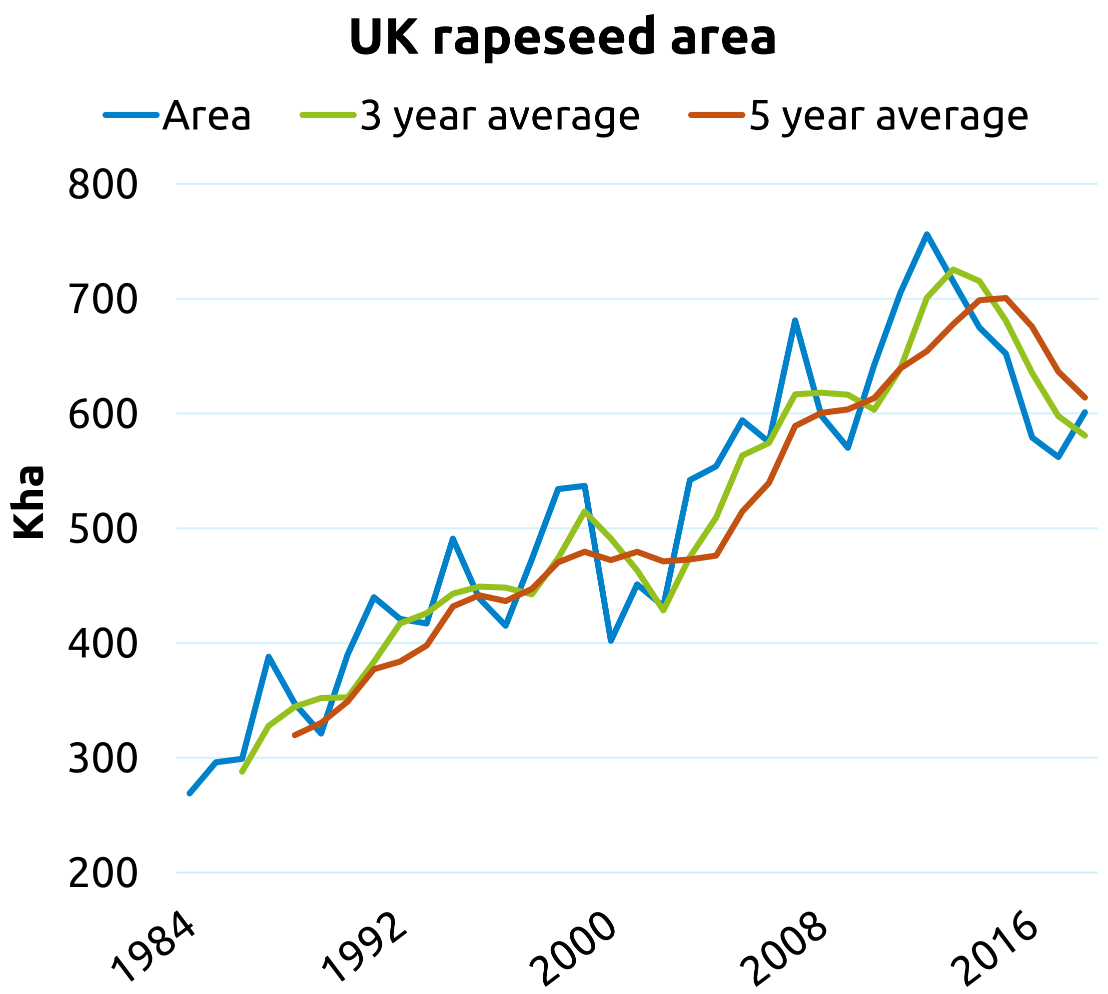
# UK rapeseed prices supported, but no runaway rally….

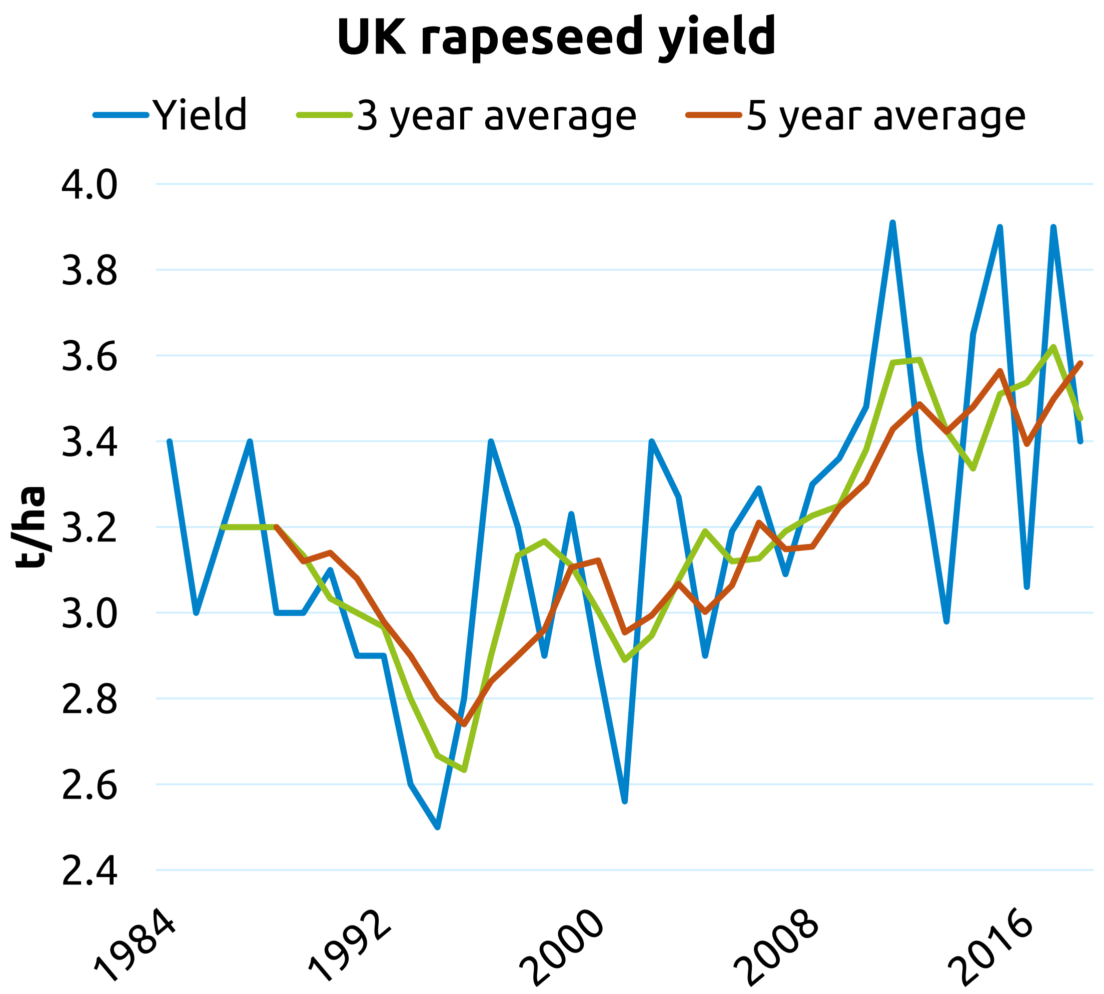



*Source: AHDB, ECB*

# Recent downward trend in UK rapeseed area coupled with yield volatility

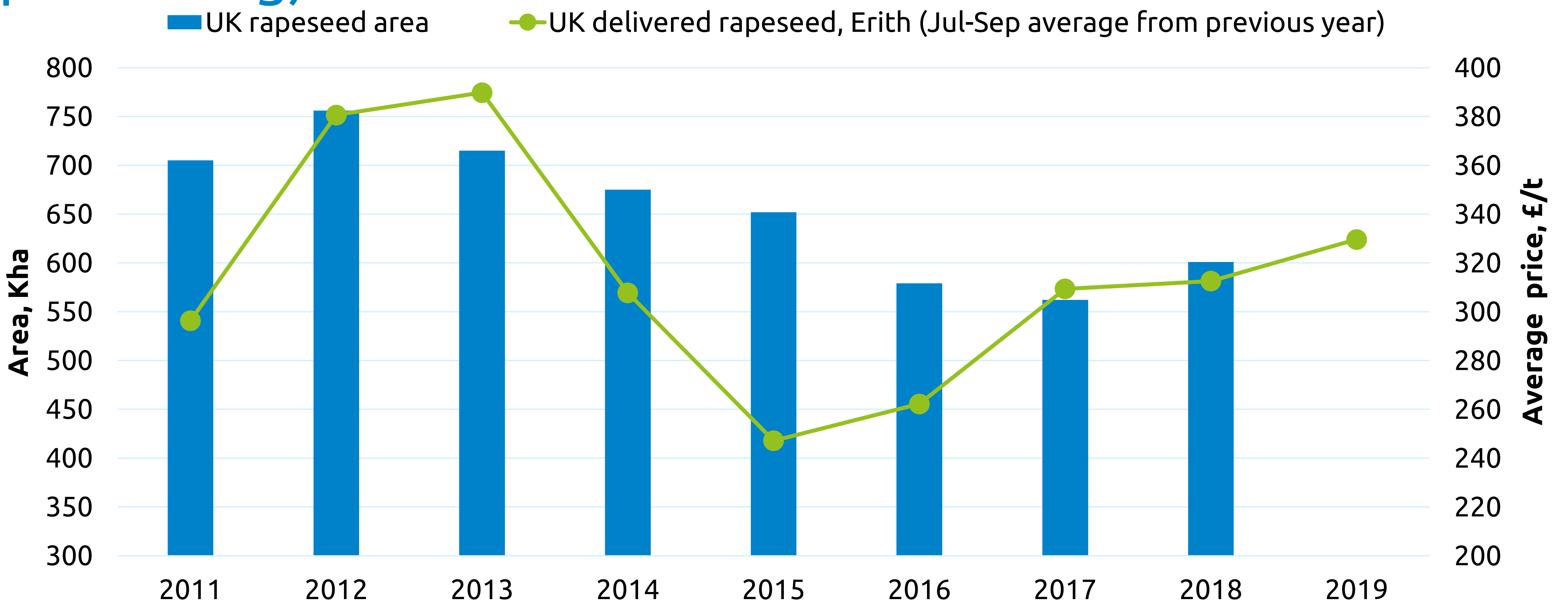
AHDB




*Source: Defra*

# Recent prices suggest increase in UK rapeseed area for harvest 2019 (flea beetle and weather permitting)




* Estimated UK area (563Kha) based on final Defra English area (523Kha), Scottish rapeseed area published by Scottish government (34Kha) and previous 5 year average of rapeseed area in Wales & N. Ireland (6Kha).

*Source: Defra, AHDB*

# Horticulture

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# Major areas of concern for horticulture

## Labour

- Availability
- Movement
- Wages

## International trade

- With EU
- With third countries

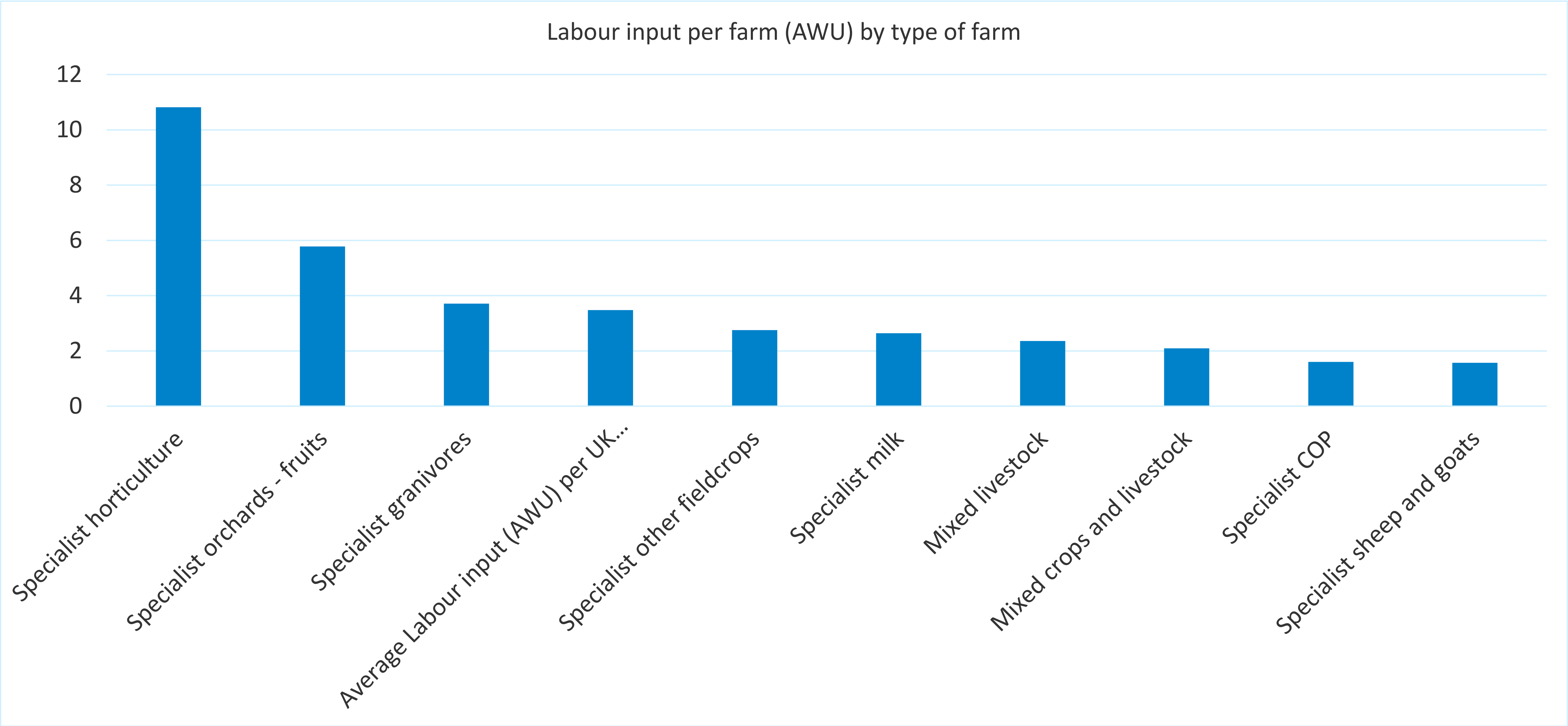
## Biosecurity

- Reduced regulation?
- Replace pooled resources of EU

## Regulation

- Plant protection products
- Hazard vs risk based approach
- How much divergence is allowed?

# Labour key for horticulture



# To conclude…

- Variability at harvest has affected crop yields, but not as much as initially feared
- UK likely to remain in net import position for wheat in 2018/19
- Weather and pest concerns may impact planted area for 2018/19
- Historically high domestic feed barley price
- Closing of maize/wheat price ratio – influencing inclusion rates for animal feed
- Soyabean supply glut putting a ceiling on a runaway rally for rapeseed prices
- Although we only have certainty until March 2019….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