

AHDB/HGCA Early UK Supply and Demand Estimates 2013/14

1. **Introduction** – This document provides commentary on the annual AHDB/HGCA Early Balance Sheets for UK wheat and barley, for the 2013/14 marketing season. These balance sheets are designed to provide the industry with information on the UK supply and demand position ahead of the official Defra balance sheets due to be published on November 27th. Production is based on provisional Defra wheat and barley data released today ([click here](#)), further details on area and yield will be available on Thursday 17 October. Unless stated otherwise comparisons in the text below are with the final Defra 2012/13 supply and demand estimates.
2. **Wheat** –Wheat production is provisionally estimated at 12.101Mt, 9% lower than 2012/13 and the lowest since 2001. A significant decline in planted area was not able to offset a partial recovery in yield. Dry and warm weather during the summer allowed crops to compensate to some extent for a difficult growing season, but performance across the regions was variable. Supplies are bolstered by a year-on-year increase in opening stocks to 2.186Mt due principally to high levels of imports last season.
3. **Imports** are forecast at 1.410Mt, 52% below last year, as good 2013 UK wheat quality and availability of alternative feed grains means less imported usage is anticipated. Total availability is therefore 15.697Mt. Imports in the first quarter of the season have been strong, continuing last season’s trend, but are expected to drop off quickly now that improved grain quality has been confirmed.
4. **Human and Industrial (H&I) wheat usage**, is expected to increase 1% to 7.620Mt, as growth in UK bioethanol production offsets lower requirements for milling due to improved flour extraction rates. Conservative bioethanol forecasts have been included as although both plants expect to operate during the season, activity during the first quarter has been limited. UK wheat quality results published by AHDB/HGCA show a return to more normal specifications, following a poor 2012 crop, hence home-grown crop usage and flour extraction rates are forecast at more typical levels. AHDB/HGCA will publish final cereal quality results in November which will take into account the full harvest.
5. **Animal feed usage** of grain in 2013/14 is currently anticipated to be lower year-on-year as a better summer and autumn have provided more opportunities for grazing and forage production. The larger UK barley and global maize harvests this year mean that, where possible, these grains are cost competitive to substitute for wheat, and may remain so for much of the season. Hence, wheat demand for animal feed is forecast at 5.787Mt, down 15%.
6. The balance of availability and domestic consumption is 1.910Mt, compared with 2.923Mt in 2012/13. The portion of this balance that is estimated to be the operating stock requirement is 1.450Mt leaving a surplus of 460kt that could be exported or held as free stock. This is an historically low surplus and suggests very limited export availability. As always, caution should be taken when examining these figures at such an early stage of the season.



7. **Barley** – Defra provisionally estimate UK 2013 barley production at 7.102Mt, up 29% on last year and the highest since 1997 due to increases in both area and yield. Approximately three quarters of the barley area was spring planted. Opening stocks are 57kt higher at 997kt, while imports are forecast 170kt lower at 65kt, reflecting increased domestic supplies. Total availability is therefore 8.164Mt, 22% higher than 2012/13.
8. **H&I consumption of barley** is expected to be slightly up on last season at 1.862Mt, following a strong start in July and August. After significant increases in the use of barley by the malting and distilling sectors in recent years, growth slowed in 2012/13 as capacity was reached. Further marginal increases are expected for 2013/14.
9. **Animal feed usage of barley** is forecast 11% higher at 3.642Mt. High availability is expected to increase usage on farm and in compound feed rations, despite competition from maize, and to a lesser extent oats. Barley will be widely available on farm so it is forecast to make up a larger share of fed on farm usage than in 2012/13.
10. The balance of availability and domestic consumption is 2.459Mt compared with 1.381Mt in 2012/13. The portion of this balance that is estimated to be the operating stock requirement is 715kt leaving a surplus of 1.744Mt that could be exported or held as free stock. This surplus is 1.078Mt higher than the equivalent figure in 2012/13 and therefore suggests that exports and/or stocks will be considerably higher in 2013/14. The pace of exports in the first quarter is reported to be significantly up on last season; August trade data will be released by HMR&C on Tuesday 15 October.
11. The first official Defra balance sheet estimates will be released on November 27th and will be updated regularly by Defra throughout the rest of the season to reflect emerging information and market conditions.

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AHDB/HGCA Early Cereal Supply and Demand Balance Sheets 2013/14



	Wheat					Barley				
	'11/12 ⁵⁾	'12/13 ⁵⁾	'13/14 ¹⁾	Change on '12/13	% Change on '12/13	'11/12 ⁵⁾	'12/13 ⁵⁾	'13/14 ¹⁾	Change on '12/13	% Change on '12/13
<i>unch = unchanged. in '1000 Tonnes</i>										
Opening Stocks	1,537	1,495	2,186	691	46%	870	940	997	57	6%
Production	15,257	13,261	12,101	-1,160	-9%	5,494	5,522	7,102	1,580	29%
Imports	908	2,944	1,410	-1,534	-52%	156	235	65	-170	-72%
Availability	17,702	17,700	15,697	-2,003	-11%	6,520	6,697	8,164	1,467	22%
Human and Industrial Consumption	6,816	7,559	7,620	61	1%	1,820	1,834	1,862	28	2%
<i>of which home grown</i>	6,135	5,710	6,212	502	9%	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	-	-
Animal Feed Consumption	6,475	6,833	5,787	-1,046	-15%	2,784	3,289	3,642	353	11%
Seed	295	319	319	0	0%	145	165	165	0	0%
Other	76	66	61	-5	-8%	27	28	36	8	29%
Domestic Consumption	13,662	14,777	13,787	-990	-7%	4,776	5,316	5,705	389	7%
Balance	4,040	2,923	1,910	-1,013	-35%	1,744	1,381	2,459	1,078	78%
Exports ²⁾	2,545	737	-	-	-	804	384	-	-	-
Intervention Stocks ²⁾	-	-	-	-	-	-	-	-	-	-
Commercial End-Season Stocks ²⁾	1,495	2,186	-	-	-	940	997	-	-	-
<i>of which Estimated Operating Stocks Requirement ³⁾</i>	1,397	1,450	1,450	0	0%	712	715	715	0	0%
<i>of which Free Stocks ⁴⁾</i>	98	736	-	-	-	228	282	-	-	-
Surplus available for either export or free stock	2,643	1,473	460	-1,013	-69%	1,032	666	1,744	1,078	162%

Source: AHDB/HGCA

NB: These balance sheets have been produced by AHDB/HGCA with support from Defra. The balance sheets should be viewed in conjunction with the official UK Cereals Supply and Demand balance sheets produced by Defra with support from AHDB/HGCA, the first of which are to be released on November 27th.

1) Forecast using best information available on 14th October 2013, using provisional DEFRA production data

2) Split of exports, intervention and total commercial end-season stocks only published for historical seasons

3) Estimated Operating Stocks Requirement calculated as [shown on the HGCA website](#)

This is a calculated estimate of the minimum tonnage that users of grain require to get through to a point at which new crop can be utilised

4) Free Stocks are those available after exports and operating stocks have been fulfilled; these will be completed later in the season when stocks survey data is available

5) 11/12 and 12/13 are Defra estimates

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