HGCA

AHDB Agriculture & Horticulture DEVELOPMENT BOARD

Supply & Demand

22 May 2014

Key points

- An upward revision in imports, coupled with lower demand, results in a higher wheat balance
- The barley carry-over is estimated 23% higher, year-on-year, with greater demand forecast for brewers, maltsters and distillers and more expected to be fed-on-farm
- Larger increase seen for maize stocks as forecast demand is not enough to offset a higher level of imports
- Tighter oat balance expected compared with March's estimates due to higher animal feed demand

Introduction

1. This release covers the fourth official estimates, made by Defra, of UK cereal supply and demand for 2013/14 (Appendix I). Comparisons are made in this note with the third estimates (26 March 2014) and 2012/13. The final balance sheet for 2013/14 will be released in early September.

Wheat

2. Wheat imports are increased by 0.130Mt, from March's forecast, to 1.930Mt in light of the latest trade data from HMR&C, which showed that imports for the season until end-March had reached 1.678Mt. Compared with 2012/13, this year's imports are forecast 34% lower.

3. Due to the upward revision in imports, wheat availability, at 16.037Mt, is 0.8% higher than March's estimate.

4. **Human and Industrial (H&I) usage of wheat is revised marginally higher at 7.429Mt, compared with 7.400Mt in March.** The main driver behind this amendment is an improvement in wheat usage by distillers. For the current season, until end-March, total wheat usage by brewers, maltsters and distillers (BMD) was 4% higher year-on-year. For millers, wheat usage in 2013/14 is held at a similar level to that forecast in March, with flour production expected to be around 3% lower year-on-year.

5. **The overall outlook for UK bioethanol producers remains uncertain due to economic pressures.** Compared with 2012/13, a wider range of grains have been processed for ethanol with more maize, in particular, being consumed.

6. **Total cereal usage for animal feed demand is forecast at 11.289Mt, 0.7% higher than March's forecast, but 0.4% lower year-on-year.** The continuing strong demand for compound feed for dairy cows has, to some extent, offset a decline in feed demand due to the better weather conditions and higher availability of forage. The cereal incorporation rate (CIR) in compound feed production has averaged 40.6% for July-March, compared with 39.1% for the corresponding time period in 2012/13. This translates to a further 124Kt of cereals used during July-March 2013/14, year-on-year, and represents 1.1% of the total cereal usage for animal feed. Lower grain prices, relative to other feed ingredients, are likely to be the main incentive behind this season's higher CIR.

7. **Wheat demand for animal feed, at 6.040Mt, is 1.4% lower than the amount forecast in March**, and 12% lower year-on-year. Whilst wheat usage in compound feed production remains similar to the previous estimate, the forecast of wheat fed-on-farm is lowered due to displacement by more competitively priced grains.

8. **As a result of higher forecast imports and lower domestic consumption, the UK wheat balance for 2013/14 is estimated at 2.213Mt, 9.1% higher than in March.** Wheat exports for the season until end-March totalled 353.5Kt (HMR&C) and the full season wheat exports are currently estimated at 450Kt. If achieved, this leaves 1.763Mt of wheat to be carried over as stock, 19% lower compared with 2012/13, of which 1.450Mt is estimated as operating stock.

Barley

9. By end-March, cumulative barley imports reached 71.45Kt, so **barley imports are revised 3Kt higher to 88Kt, compared with the previous estimate.** Total barley supply is now forecast at 8.177Mt, and remains 22% higher, year-on-year.

10. **H&I usage for barley is increased to 1.933Mt, compared with 1.892Mt in March, and represents 5% growth from last season.** The latest demand data revealed that barley consumption by maltsters was 4% higher for Jul-March, and this is expected to be maintained until end-June.

11. **At 3.581Mt, barley demand for animal feed is 2.2% higher than that estimated in March.** This change is mainly attributed to a larger fed-on-farm number compared with previous estimates. Year-on-year, total barley usage for animal feed is 10% higher. Between July 2013 and March 2014, the amount of barley used in GB compound feed production reached 787Kt, equating to 23.7% of all cereals used.

12. **With higher demand from the H&I sector and animal feed offsetting the small increase in availability, the barley supply and demand balance** is 4.5% lower, at 2.478Mt, compared with March's forecast. Cumulative barley exports were 1.031Mt by end-March and it is estimated they will reach 1.248Mt by end-June. This leaves a surplus of 1.230Mt to carry-over into 2014/15, including an estimated operating stock requirement of 713Kt. Therefore, year-on-year, barley end-season stocks are forecast 23% higher.

Maize

13. The continuing import of maize into the UK has led to an **upward revision** to 2.180Mt, from 2.010Mt in March. Including March imports of 309Kt, cumulative imports totalled 1.921Mt. Whilst more maize has continued to come into the UK, the pace is expected to reduce towards the end of the season, with higher stocks carried.

14. **Overall maize consumption by the H&I sector remains unchanged** at 480Kt from March's forecast. However, **for animal feed, maize usage is increased** from 1.233Mt in March to 1.290Mt. The main factor behind this change is a higher fed-on-farm number. For compound feed production, the proportion of maize, relative to other grains, is expected to decline over the last three months of the season, in part due to the seasonal decline in ruminant feed. Maize exports are forecast at 218Kt (193Kt to end-March), unchanged from the previous estimate. Due to the higher availability not being absorbed by a similar increase in demand, maize closing stocks for 2013/14 are forecast at 294Kt, 114Kt higher than March's forecast of 180Kt, and 36% above 2012/13.

Oats

15. As at end-March, cumulative oat imports reached 38Kt. Hence, oat imports are now forecast at 45Kt, leading to **total oat supply increasing by 7Kt from March's forecast** to 1.078Mt.

16. **At 515Kt, oat usage in H&I consumption is maintained, but seasonal demand for oats in animal feed increases to 378Kt, compared with 349Kt in March.** Whilst the tonnage of oats used in GB compound feed production is revised slightly higher, the biggest increase is seen for fed-on-farm demand.

17. **The increase in demand compared with supply means that, at 162Kt, the oat balance is tighter than the 184Kt forecast in March.** Exports are increased by 2Kt from March to 37Kt, but end-season stocks are forecast 24Kt lower at 125Kt; although this figure represents a year-on-year increase of 81%.

Additional Data

18. Appendix II shows cumulative usage and trade data to end-March. This release and related information can be found at www.hgca.com/markets. Monthly cereal usage data can be found on the DEFRA website at www.defra.gov.uk/statistics/foodfarm/latest-statistical-releases.

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Appendix I

ANNUAL UK CEREAL SUPPLY AND DEMAND ESTIMATES (a)

(JULY - JUNE YEARS)

Estimates made in May

000 tonnes

Links connect to relevant Defra/AHDB/HGCA data pages

	WHEAT							BARLEY						
	2008/09 2012/13 average	2011/12 estimate	2012/13 estimate	2013/14 Mar-14	2013/14 May-14	Absolute change Mar-14	% change on 12/13	2008/09 2012/13 average	2011/12 estimate	2012/13 estimate	2013/14 Mar-14	2013/14 May-14	Absolute change Mar-14	% change on 12/13
(1) Opening Stocks	1,907	1,537	1,495	2,186	2,186	0	46%	1,075	870	940	997	997	0	6%
(2) Production	14,940	15,257	13,261	11,921	11,921	0	-10%	5,816	5,494	5,522	7,092	7,092	0	28%
(3) Imports	1,480	908	2,944	1,800	1,930	130	-34%	149	156	235	85	88	3	-63%
(4) Total Availability	**18,327**	**17,702**	**17,700**	**15,907**	**16,037**	**130**	**-9%**	**7,040**	**6,520**	**6,697**	**8,174**	**8,177**	3	22%
(5) Human and Industrial Consumption	7,060	6,816	7,572	7,400	7,429	29	-2%	1,752	1,820	1,844	1,892	1,933	41	5%
(5a) (of which home grown)	5,943	6,135	5,723	5,900	5,892	-8	3%	n/a	n/a	n/a	n/a	n/a	*	*
(6) Usage as Animal Feed (f)	6,512	6,471	6,835	6,123	6,040	-83	-12%	3,214	2,779	3,263	3,503	3,581	78	10%
(6a) (of which home grown)	6,194	6,255	6,064	5,553	5,470	-83	-10%	n/a	n/a	n/a	n/a	n/a	*	*
(6b) (of which Compounders)	3,433	3,598	3,592	3,288	3,289	1	-8%	910	754	1,020	1,227	1,203	-24	18%
(6c) (of which Integrated Poultry Units)	1,553	1,606	1,505	1,382	1,382	0	-8%	74	57	70	88	86	-2	23%
(7) Seed	302	299	304	295	295	0	-3%	162	150	182	150	150	0	-18%
(8) Other	74	76	66	60	60	0	-9%	29	27	28	35	35	0	25%
(9) Total Domestic Consumption	**13,948**	**13,662**	**14,777**	**13,878**	**13,824**	**-54**	**-6%**	**5,157**	**4,776**	**5,317**	**5,580**	**5,699**	**119**	**7%**
(10) Balance (4) - (9)	**4,379**	**4,040**	**2,923**	**2,029**	**2,213**	**184**	**-24%**	**1,883**	**1,744**	**1,380**	**2,594**	**2,478**	**-116**	**80%**
(11) Exports (b)	2,377	2,545	737	-	450	*	-39%	761	804	384	-	1,248	*	225%
(12) Intervention Stocks (b)	-	-	-	-	-	*	*	31	-	-	-	-	*	*
(13) Commercial End-Season Stocks (b)	**2,000**	**1,495**	**2,186**	**-**	**1,763**	*	**-19%**	**1,091**	**940**	**997**	**-**	**1,230**	*	**23%**
(14) (of which Estimated Operating stock requirement) (c)	n/a	1,397	1,450	1,450	1,450	0	0%	n/a	712	713	713	713	0	0%
(15) (of which free stock) (d)	n/a	98	736	-	313	*	-57%	n/a	228	284	-	517	*	82%
(16) Surplus available for either export or free stock (10)-(14)	n/a	2,643	1,473	579	763	184	-48%	n/a	1,032	667	1,881	1,765	-116	165%

	MAIZE							OATS						
	2008/09 2012/13 average	2011/12 estimate	2012/13 estimate	2013/14 Mar-14	2013/14 May-14	Absolute change Mar-14	% change on 12/13	2008/09 2012/13 average	2011/12 estimate	2012/13 estimate	2013/14 Mar-14	2013/14 May-14	Absolute change Mar-14	% change on 12/13
(1) Opening Stocks	104	111	149	216	216	0	45%	78	65	63	69	69	0	10%
(2) Production	-	-	-	-	-	*	*	691	613	627	964	964	0	54%
(3) Imports	1,118	992	1,693	2,010	2,180	170	29%	44	57	109	38	45	7	-59%
(4) Total Availability	**1,222**	**1,102**	**1,842**	**2,226**	**2,396**	**170**	**30%**	**813**	**735**	**799**	**1,071**	**1,078**	**7**	**35%**
(5) Human and Industrial Consumption	319	278	412	480	480	0	17%	455	474	491	505	515	10	5%
(5a) (of which home grown)	-	-	-	-	-	*	*	412	427	375	475	470	-5	25%
(6) Usage as Animal Feed	629	531	1,036	1,233	1,290	57	25%	213	164	198	349	378	29	91%
(6a) (of which home grown)	-	-	-	-	-	-	*	213	164	198	349	378	29	91%
(7) Seed	-	-	-	-	-	-	*	19	15	25	18	18	0	-28%
(8) Other	114	114	114	114	114	0	0%	3	3	3	5	5	0	67%
(9) Total Domestic Consumption	**1,062**	**923**	**1,562**	**1,827**	**1,884**	**57**	**21%**	**690**	**656**	**717**	**877**	**916**	**39**	**28%**
(10) Balance (4) - (9)	**160**	**179**	**280**	**399**	**512**	**113**	**83%**	**123**	**79**	**82**	**194**	**162**	**-32**	**98%**
(11) Exportable surplus	31	30	64	218	218	0	241%	44	16	13	35	37	2	185%
(12) Commercial End-Season Stocks	**128**	**149**	**216**	**180**	**294**	**114**	**36%**	**79**	**63**	**69**	**149**	**125**	**-24**	**81%**

	OTHER CEREALS *(e)*						
	2008/09 2012/13 average	2011/12 estimate	2012/13 estimate	2013/14 Mar-14	2013/14 May-14	Absolute change Mar-14	% change on 12/13
(1) Opening Stocks	5	5	5	5	5	0	0%
(2) Production	122	120	105	107	107	0	2%
(3) Imports	4	1	7	7	7	0	0%
(4) Total Availability	**132**	**126**	**117**	**119**	**119**	0	2%
(5+6) H&I and Animal Feed	121	111	109	109	109	0	0%
(5a+6a (of which home grown)	119	110	102	104	104	0	2%
(7) Seed	3	3	3	3	3	0	0%
(8) Other	-	-	-	-	-	*	*
(9) Total Domestic Consumption	**125**	**114**	**112**	**112**	**112**	**0**	**0%**
(10) Balance (4) - (9)	**7**	**12**	**5**	**7**	**7**	**0**	**40%**
(11) Exportable surplus	1	7	0	0	0	0	0%
(12) Intervention Stocks	0	0	0	0	0	0	0%
(13) Commercial End-Season Stocks	**5**	**5**	**5**	**5**	**5**	**0**	**0%**

	TOTAL CEREALS						
	2008/09 2012/13 average	2011/12 estimate	2012/13 estimate	2013/14 Mar-14	2013/14 May-14	Absolute change Mar-14	% change on 12/13
(1) Opening Stocks	3,168	2,587	2,652	3,473	3,473	0	31%
(2) Production	21,569	21,484	19,515	20,084	20,084	0	3%
(3) Imports	2,795	2,114	4,988	3,940	4,250	310	-15%
(4) Total Availability	**27,532**	**26,185**	**27,155**	**27,497**	**27,807**	**310**	**2%**
(5) H&I (wheat, barley, maize, oats)	9,586	9,388	10,319	10,277	10,357	80	0%
(6) Animal Feed (wheat, barley, maize, oats)	10,569	9,945	11,332	11,208	11,289	81	0%
(5+6) Other cereals (H&I and Animal feed)	121	111	109	109	109	0	0%
(7) Seed	486	467	514	466	466	0	-9%
(8) Other	221	220	211	214	214	0	1%
(9) Total Domestic Consumption	**20,983**	**20,132**	**22,485**	**22,274**	**22,435**	**161**	**0%**
(10) Balance (4) - (9)	**6,549**	**6,054**	**4,670**	**5,223**	**5,372**	**149**	**15%**
(11) Exports	3,215	3,402	1,198	-	1,953	*	63%
(12) Intervention Stocks	31	-	-	-	-	*	*
(13) Commercial End-Season Stocks	**3,303**	**2,652**	**3,473**	-	**3,417**	*	-2%
(14) Estimated Operating stock requirement (wheat & barley only)	n/a	2,109	2,163	2,163	2,163	0	0%
(15) Free stock for wheat and barley	n/a	326	1,020	-	830	*	-19%
(16) Surplus available for either export or free stock (all)	n/a	3,728	2,217	2,713	2,783	70	26%

Source: DEFRA

(a) These are revised during the year. Figures rounded to the nearest 1000 tonnes
(b) Split of exports, intervention and total commercial end-season stocks only published for historical seasons
(c) 2011/12 new format: Estimated Operating Stocks Requirement 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
(d) 2011/12 new format: Free stock is the stock available after both exports and estimated operating stock requirements have been fulfilled.
(e) Includes mainly rye, triticale, mixed grain and sorghum.
(f) 2012/13 new format: Animal feed usage has been split by sector. Note, other users are only included in the total.
(g) 2013/14 new format: For total cereals, H&I and animal feed usage for wheat, barley, maize and oats is split out
** Percentage change not meaningful*

APPENDIX II

CUMULATIVE MONTHLY STATISTICS
Usage of Cereals by Processors, Grain Fed on Farm, External Trade and Stocks

Situation as at end of March 2014 — **Thousand tonnes**

				2008/09 to 2012/13 Average	2008/09 39 weeks	2009/10 40 weeks	2010/11 39 weeks	2011/12 39 weeks	2012/13 39 weeks	2013/14 39 weeks	% Change 2013/14 on 2012/13	Actual Change 2013/14 on 2012/13
WHEAT												
(1) Usage	Human and	-Flour Millers	*-imported*	*797*	*872*	*820*	*590*	*520*	*1183*	*1164*	*-2%*	*-19*
(2)	Industrial		*-home-grown*	*3894*	*3682*	*3735*	*4316*	*3929*	*3807*	*3630*	*-5%*	*-177*
(3)	Processors		-Total	*4691*	*4553*	*4555*	*4906*	*4449*	*4990*	*4794*	*-4%*	*-196*
(4)		-Distillers		*460*	*451*	*397*	*381*	*471*	*602*	*629*	*4%*	*27*
(5)		-Others		*120*	*117*	*120*	*121*	*118*	*123*	*136*	*10%*	*12*
(6)	Animal Feed Processors (a)			*2194*	*2162*	*2093*	*2097*	*2302*	*2314*	*2191*	*-5%*	*-123*
(7)	Poultry Integrated Units			*1165*	*1119*	*1155*	*1207*	*1196*	*1150*	*1045*	*-9%*	*-105*
(8) Imports	From July (b)			*1089*	*931*	*920*	*808*	*665*	*2121*	*1678*	*-21%*	*-444*
(9) Exports	From July (b)			*1949*	*2845*	*1734*	*2354*	*2230*	*582*	*353*	*-39%*	*-229*
(14)	Intervention	-Actual		*0*	*0*	*0*	*0*	*0*	*0*	*0*	*	*0*
(15)		-Projected		*0*	*0*	*0*	*0*	*0*	*0*	*0*	*	*0*
BARLEY												
(1) Usage	Maltsters/Distillers		*-imported*	-	-	-	-	-	-	-	-	-
(2)			*-home-grown*	-	-	-	-	-	-	-	-	-
(3)			-Total	*1296*	*1331*	*1172*	*1264*	*1353*	*1361*	*1414*	*4%*	*53*
(4)	Animal Feed Processors (a)			*597*	*527*	*641*	*651*	*499*	*669*	*787*	*18%*	*119*
(5)	Poultry Integrated Units			*57*	*64*	*72*	*50*	*46*	*54*	*63*	*16%*	*9*
(6) Imports	From July (b)			*110*	*91*	*70*	*100*	*119*	*172*	*71*	*-58%*	*-100*
(7) Exports	From July (b)			*642*	*663*	*818*	*664*	*719*	*348*	*1031*	*196%*	*682*
(11)	Intervention	-Actual		*31*	*0*	*0*	*151*	*5*	*0*	*0*	*	*0*
(12)		-Projected		*31*	*0*	*0*	*151*	*5*	*0*	*0*	*	*0*
MAIZE												
(1) Usage	Human and Industrial			*225*	*238*	*226*	*227*	*213*	*221*	*264*	*19%*	*43*
(2)	Animal Feed Processors (a)			*101*	*95*	*86*	*81*	*81*	*164*	*259*	*58%*	*95*
(3) Imports	From July (b)			*850*	*721*	*678*	*843*	*734*	*1277*	*1921*	*50%*	*644*
OATS												
(1) Usage	Human and Industrial Processors			*340*	*317*	*317*	*343*	*358*	*364*	*379*	*4%*	*15*
(2)	Animal Feed Processors (a)			*58*	*47*	*63*	*73*	*46*	*58*	*91*	*57%*	*33*
(3) Exports	From July (b)			*35*	*77*	*27*	*47*	*14*	*9*	*32*	*244%*	*23*

n/a - Not Available/Applicable (a) Great Britain only. (b) HM Customs/Intrastat

* Percentage changes not meaningful.

There were 53 weeks in the Statistical year 2010. In order to incorporate the change January 2010 was increased to a 5 week period compared to 4 weeks in 2009.
Note:This Appendix reflects the position as at 14 May 2014. The figures above may differ slightly from the most recent published data.

Survey data for GB Compounders and Cereals Usage by Millers, Brewers and Maltsters can be found using the following link:
https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs/about/statistics