



AHDB/HGCA Early UK Supply and Demand Estimates 2014/15

1. **Introduction** – This document provides commentary on the annual AHDB/HGCA Early Balance Sheets for UK wheat and barley, for the 2014/15 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 26 November. Production is based on provisional Defra wheat and barley data released on 10 October ([click here](#)). Unless stated otherwise comparisons are with the final Defra 2013/14 supply and demand estimates.

Wheat

2. Defra provisionally estimate UK 2014 wheat production at 16.621 Mt, up 39% on 2013/14, and the largest since harvest 2008. The estimated 4.700Mt increase in output is the highest in history. Favourable planting conditions and a good summer growing season resulted in a rebound in planted area and improved yields. Full results of UK cereals and oilseeds production in 2014, including area and yield information, will be published by Defra on 16 October. With opening stocks still historically high at 1.959Mt, supplies are seen 22% higher, year-on-year, at 19.880Mt.
3. **Imports** are forecast 41% lower compared with last year, at 1.300Mt, as good supply and quality of the UK crop is expected to fulfill the majority of domestic demand. The start of the season has seen a high level of imports, but these are expected to decline following the confirmation of grain quantity and quality. Total availability is forecast at 19.880Mt, 22% higher than last year.
4. **Human and Industrial (H&I) wheat usage**, is forecast to increase by 7% to 7.934Mt due to improved capacity utilization rates by the UK's bioethanol producers. Good specific weights, as indicated by the latest provisional results of AHDB/HGCA's Cereal Quality Survey, suggest a higher flour extraction rate, meaning a lower demand for wheat by millers. Millers may compensate for the lower average protein content of UK wheat, as revealed by the survey. Final cereal quality results, based on the full harvest, will be published by AHDB/HGCA in end October/early November.
5. **Animal feed demand** for cereals is estimated to be lower than in 2013/14, based on the assumption of "normal" weather conditions and the removal of last year's supporting factor of higher milk prices. Furthermore, ample forage is available. The proportion of wheat used in animal feed is expected to be higher due to its more competitive price against other feed grains, such as barley and maize, this season. Total wheat usage for animal feed is thus forecast at 6.729Mt, up 9% year-on-year.
6. The balance of availability and domestic consumption is 4.844Mt, double the amount in 2013/14. The operating stock requirement for 2014/15 is estimated at 1.500Mt, 3% higher than in 2013/14, due to greater demand from the H&I sector. This leaves a surplus of 3.344Mt to export or hold as free stock, compared with 945Kt last year and means that a strong export programme will be required to prevent a large carry-over of stocks into next season. As always, it is advised that these early figures are treated with caution.

Barley

7. Defra provisionally estimate UK 2014 barley production at 7.027Mt, which is only 65Kt lower than the previous harvest's output and one of the largest crops seen in recent years. Area figures released by both the English and Scottish June Surveys (responsible for the majority of the UK barley area) revealed a decline in overall barley areas compared with last year, suggesting that higher average yields were achieved for this year's harvest. Opening stocks at 1.391Mt are 40% higher year-on-year, and imports are forecast 10% lower at 90Kt. As a result, total availability is estimated 319Kt higher at 8.508Mt.
8. Slight growth is seen for **H&I consumption of barley** compared with 2013/14, with the forecast for 2014/15 at 1.973Mt (1% higher). Although usage data for the first two months of the current season shows a 3% increase compared with the corresponding time period in 2013/14, this is unlikely to be sustained at this rate due to capacity limitations.
9. **Animal feed usage of barley** is expected 3% lower at 3.407Mt as wheat is expected to recapture a higher share of animal feed demand. Although July and August usage figures still show strong demand for barley in retail animal feed production, the discount of feed barley to feed wheat has declined considerably compared with last year making it less attractive for use in compound feed production.
10. The balance of availability and domestic consumption is 2.931Mt, 394Kt higher than in 2013/14. The portion of this balance that is estimated to be the operating stock requirement is 750Kt, 37Kt higher than in 2013/14. This leaves a surplus of 2.181Mt to export or retain as free stock, compared with 1.824Mt in 2013/14, suggesting that higher exports will be required to prevent a fifth consecutive annual increase in closing stocks.
11. The first official Defra balance sheet estimates, which will also include oats and maize, will be released on 26 November 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 2014/15



in '1000 Tonnes	Wheat					Barley				
	'12/13 ⁵	'13/14 ⁵	'14/15 ¹	Change on '13/14	% Change on '13/14	'12/13 ⁵	'13/14 ⁵	'14/15 ¹	Change on '13/14	% Change on '13/14
Opening Stocks	1,495	2,186	1,959	-227	-10%	940	997	1,391	394	40%
Production	13,261	11,921	16,621	4,700	39%	5,522	7,092	7,027	-65	-1%
Imports	2,956	2,209	1,300	-909	-41%	235	100	90	-10	-10%
Availability	17,712	16,316	19,880	3,564	22%	6,697	8,189	8,508	319	4%
Human and Industrial Consumption	7,572	7,423	7,934	511	7%	1,844	1,960	1,973	13	1%
<i>of which home grown</i>	5,723	5,858	6,743	885	15%	n/a	n/a	n/a	-	-
Animal Feed Consumption	6,847	6,148	6,729	581	9%	3,263	3,495	3,407	-88	-3%
Seed ⁶	304	290	290	0	0%	182	162	162	0	0%
Other	66	60	83	23	39%	28	35	35	0	0%
Domestic Consumption	14,789	13,921	15,036	1,116	8%	5,317	5,652	5,577	-75	-1%
Balance	2,923	2,395	4,844	2,449	102%	1,380	2,537	2,931	394	16%
Exports ²	737	431	-	-	-	384	1,158	-	-	-
Intervention Stocks ²	-	-	-	-	-	-	-	-	-	-
Commercial End-Season Stocks ²	2,186	1,959	-	-	-	997	1,391	-	-	-
<i>of which Estimated Operating Stocks Requirement ³</i>	1,450	1,450	1,500	50	3%	713	713	750	37	5%
<i>of which Free Stocks ⁴</i>	736	509	-	-	-	264	678	-	-	-
Surplus available for either export or free stock	1,473	945	3,344	2,399	254%	667	1,824	2,181	357	20%

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 26th.

Source: AHDB/HGCA

- Forecast using best information available on 10th October 2014
- Split of exports, intervention and total commercial end-season stocks only published for historical seasons. For further details, see operating stocks methodology (footnote 3)
- Estimated Operating Stocks Requirement calculated as [shown on the HGCA website](#)
This is a calculated estimate based on the previous five-year average of the minimum tonnage that users of grain require to get through to a point at which new crop can be utilised
- Free Stocks are those available after exports and operating stocks have been fulfilled; these will be estimated later in the season when stocks survey data is available
- 12/13 and 13/14 are Defra estimates
- The seed number differs from that in Defra's final 2013/14 balance sheet as it has been recalculated based on latest area data for England and Scotland

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