HGCA

AHDB Agriculture & Horticulture DEVELOPMENT BOARD

Supply & Demand

28 January 2015

Key points

- Higher Human & Industrial consumption of wheat, compared with earlier estimates in November, more than offsets a similar decline in wheat used as animal feed and the potential of a large carry-over into 2015/16 remains unless the export pace improves
- The forecast barley surplus is slightly lower, mainly due to the downward revision of the size of the crop
- Higher maize imports are expected as demand from the animal feed sector, in particular, grows at the expense of wheat
- Little change for oats forecast as lower availability is offset by a reduction in demand

Introduction

1. This release covers the second official estimates made by Defra of UK cereal supply and demand for 2014/15 (Appendix I). Comparisons are made in this note with the first estimates for 2014/15 (published on 26 November 2014) and with the final 2013/14 estimates. The next official review of the 2014/15 supply and demand will take place on 26 March.

Wheat

2. **At 19.865Mt, UK wheat availability is 15Kt lower than November's estimate.** This is due to a corresponding reduction in the production number. The final Defra Crop Production Survey showed the UK wheat crop at 16.606Mt as opposed to the provisional estimate of 16.621Mt. A small reduction in area was behind the change while the average yield remained at a record 8.6t/ha. Nevertheless, total availability remains 22% higher year on year.

3. **The forecast for wheat imports remains unchanged from November's estimates at 1.300Mt (41% lower than in 2013/14).** Data from HMR&C revealed that UK wheat imports to end November reached 792.1Kt. The pace of imports slowed compared with the first three months of the season and millers are expected to gradually increase their use of home-grown wheat.

4. **Human & Industrial (H&I) consumption of wheat is estimated at 7.992Mt, 182Kt higher than November's estimates and 8% higher year on year.** Demand from the UK's bio-ethanol plants has so far exceeded previous levels and more than off-sets lower usage by millers. The recent fall in energy prices makes the forecasting of usage uncertain. Flour production (excluding starch and bioethanol) has continued to decline this season due to lower demand and coupled with improved extraction rates, millers have required less wheat.

5. **The latest usage data from Defra and the Department of Agriculture and Rural Development in Northern Ireland (DARDNI), up to end November, reveals a 1.3% decline in UK compound feed demand.** Although the consumption of compound feed is up for pigs and poultry, this is offset by lower usage by cattle and sheep. The outlook of lower milk prices, plus the assumption of normal weather conditions means that this trend is expected to continue. Thus total animal feed demand is forecast to decline by 1%, unchanged from November's estimates.

6. **At 6.545Mt, wheat demand for animal feed is estimated 176Kt lower than November's forecast.** This is mainly due to a downward revision in the amount of wheat expected to be fed on farm. Furthermore, maize and barley have become more price competitive against wheat in certain regions and so are more likely to recapture some market share compared with earlier this season. Nevertheless, wheat consumption in animal feed is still 6% higher compared with 2013/14.

7. **The balance of availability and domestic demand in 2014/15 is 4.955Mt, 21Kt lower than November's estimates, but slightly more than double year on year.** After the estimated operating stock of 1.500Mt is taken into account, this leaves 2.742Mt to be exported or to be carried over as free stock into 2015/16. As at end

November, UK cumulative wheat exports for this season were reported as 713.4Kt by HMR&C.

Barley

8. **Barley availability, at 8.375Mt is seen 2% higher compared with the previous season**, but 126Kt lower than November's estimates. The final Defra Crop Production Survey reported the UK barley crop at 6.911Mt, 116Kt below the provisional production estimate. Although the area was unchanged, the estimated average yield was reduced from 6.5t/ha to 6.4t/ha. Barley imports are also forecast 10Kt lower than in November at 85Kt. Imports to end-November totalled 36.0Kt (HMR&C).

9. **Barley demand by the H&I sector is forecast 8Kt lower than November's estimates, at 1.997Mt, but overall growth of 2% is still expected this season.** Total usage up to end November, at 799Kt, is 2.5% more than the same period a year earlier.

10. **At 3.348Mt, barley demand in animal feed is forecast 38Kt lower than the estimates made in November and remains 4% below consumption in 2013/14.** Since the November estimate, the amount of barley used by feed compounders is increased by 72Kt to 1.027Mt, as the price differential between wheat and barley has become more favourable towards greater use of the latter in some regions.

11. **The balance of availability and domestic demand is 2.833Mt, 2% lower than in 2013/14**. After the operating stock of 750Kt is taken into account, 1.524Mt is available to export or carry over into 2015/16. By end-November, 559.0Kt of barley had been exported (HMR&C), which is 13% behind last year's pace.

Maize

12. **Maize availability is forecast at 1.840Mt, 231Kt higher than November's estimate but 30% below last year's total for the season.** Although 2014/15 imports are expected to be considerably below 2013/14's record, cumulative imports until end November were only slightly behind last year's pace at 717.3Kt. Despite the strong start for maize shipments into the UK, imports are forecast to tail off as the season progresses, resulting in a full season forecast of 1.363Mt.

13. **H&I demand for maize is estimated at 647Kt, 47Kt higher than in November, but 3% below 2013/14.** For animal feed, maize usage is increased by 184Kt to 941Kt compared with the previous estimate. The price competitiveness of maize against wheat has increased in N. Ireland and Scotland compared with earlier this season and is expected to be used at similar levels to 2013/14.

Oats

14. **At 1.008Mt, the availability of oats is just 6Kt lower than the estimates made in November, and 7% lower year on year.** The final Defra Crop Production Survey estimates UK oat production in 2014 at 820Kt, slightly lower (8Kt) than the provisional estimates. Imports have been revised up by 2Kt compared with November to 22Kt. The latest trade data from HMR&C showed UK oat imports at 16Kt by end November.

15. **H&I demand is estimated at 511Kt, slightly lower (4Kt) than the previous estimate, but remains 1% higher year-on-year**. Oat consumption in animal feed is revised 7Kt lower from November's forecast, 19% below demand in 2013/14.

16. **At 193Kt, the balance between availability and demand is 5Kt higher than November's estimates and 4% lower than in 2013/14.** Exports are now expected at 55Kt, instead of 50Kt. By end-November, 38.7Kt had been exported (HMR&C). This suggests that 99Kt of oats will be carried forward into 2015/16, 17% lower year on year but higher than the five year average.

Additional Data

17. Appendix II shows cumulative usage and trade data to end-November. 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 January

000 tonnes

Links connect to relevant Defra/AHDB/HGCA data pages

	WHEAT							BARLEY						
	2009/10 2013/14 average	2012/13 estimate	2013/14 estimate	2014/15 Nov-14	2014/15 Jan-15	Absolute change Nov-14	% change on 13/14	2009/10 2013/14 average	2012/13 estimate	2013/14 estimate	2014/15 Nov-14	2014/15 Jan-15	Absolute change Nov-14	% change on 13/14
(1) Opening Stocks	2,000	1,495	2,186	1,959	1,959	0	-10%	1,122	940	997	1,379	1,379	0	38%
(2) Production	13,879	13,261	11,921	16,621	16,606	-15	39%	6,006	5,522	7,092	7,027	6,911	-116	-3%
(3) Imports	1,663	2,956	2,209	1,300	1,300	0	-41%	140	235	100	95	85	-10	-15%
(4) Total Availability	**17,542**	**17,712**	**16,316**	**19,880**	**19,865**	**-15**	**22%**	**7,268**	**6,697**	**8,189**	**8,501**	**8,375**	**-126**	**2%**
(5) Human and Industrial Consumption	7,178	7,572	7,423	7,810	7,992	182	8%	1,795	1,844	1,960	2,005	1,997	-8	2%
(5a) (of which home grown)	5,990	5,723	5,858	6,672	6,840	168	17%	n/a	n/a	n/a	n/a	n/a	*	*
(6) Usage as Animal Feed (f)	6,400	6,847	6,153	6,721	6,545	-176	6%	3,294	3,263	3,495	3,386	3,348	-38	-4%
(6a) (of which home grown)	5,965	6,064	5,453	6,510	6,348	-162	16%	n/a	n/a	n/a	n/a	n/a	*	*
(6b) (of which Compounders)	3,426	3,592	3,348	3,567	3,626	59	8%	984	1,020	1,169	955	1,027	72	-12%
(6c) (of which Integrated Poultry Units)	1,529	1,505	1,381	1,476	1,466	-10	6%	75	70	86	55	43	-12	-50%
(7) Seed	296	304	290	290	290	0	0%	162	182	162	162	162	0	0%
(8) Other	69	66	60	83	83	0	38%	30	28	35	35	35	0	0%
(9) Total Domestic Consumption	**13,942**	**14,789**	**13,926**	**14,904**	**14,910**	**6**	**7%**	**5,281**	**5,317**	**5,652**	**5,588**	**5,542**	**-46**	**-2%**
(10) Balance (4) - (9)	**3,600**	**2,923**	**2,390**	**4,976**	**4,955**	**-21**	**107%**	**1,987**	**1,380**	**2,537**	**2,913**	**2,833**	**-80**	**12%**
(11) Exports (b)	1,759	737	431	-	-	*	*	830	384	1,158	-	-	*	*
(12) Intervention Stocks (b)	-	-	-	-	-	*	*	31	-	-	-	-	*	*
(13) Commercial End-Season Stocks (b)	**1,841**	**2,186**	**1,959**	-	-	*	*	**1,157**	**997**	**1,379**	-	-	*	*
(14) (of which Estimated Operating stock requirement) (c)	1,401	1,450	1,450	1,500	1,500	0	3%	707	713	713	750	750	0	5%
(15) (of which free stock) (d)	440	736	509	-	-	*	*	419	284	666	-	-	-	*
(16) Surplus available for either export or free stock (10)-(14)	2,199	1,473	940	3,476	3,455	-21	268%	1,280	667	1,824	2,163	2,083	-80	14%

	MAIZE							OATS						
	2009/10 2013/14 average	2012/13 estimate	2013/14 estimate	2014/15 Nov-14	2014/15 Jan-15	Absolute change Nov-14	% change on 13/14	2009/10 2013/14 average	2012/13 estimate	2013/14 estimate	2014/15 Nov-14	2014/15 Jan-15	Absolute change Nov-14	% change on 13/14
(1) Opening Stocks	128	149	216	477	477	0	121%	79	63	69	166	166	0	139%
(2) Production	-	-	-	-	-	*	*	727	627	964	828	820	-8	-15%
(3) Imports	1,403	1,693	2,394	1,132	1,363	231	-43%	49	109	46	20	22	2	-52%
(4) Total Availability	**1,531**	**1,842**	**2,610**	**1,609**	**1,840**	**231**	**-30%**	**855**	**799**	**1,079**	**1,014**	**1,008**	**-6**	**-7%**
(5) Human and Industrial Consumption	479	522	664	600	647	47	-3%	472	491	508	515	511	-4	1%
(5a) (of which home grown)	-	-	-	-	-	*	*	425	375	465	492	486	-6	5%
(6) Usage as Animal Feed	776	1,036	1,262	757	941	184	-25%	235	198	345	288	281	-7	-19%
(6a) (of which home grown)	-	-	-	-	-	*	*	235	198	345	288	281	-7	-19%
(7) Seed	-	-	-	-	-	*	*	19	25	19	19	19	0	1%
(8) Other (h)	4	4	4	4	4	0	0%	4	3	5	4	4	0	-20%
(9) Total Domestic Consumption	**1,259**	**1,562**	**1,930**	**1,361**	**1,592**	**231**	**-18%**	**729**	**717**	**877**	**826**	**815**	**-11**	**-7%**
(10) Balance (4) - (9)	**272**	**280**	**680**	**248**	**248**	**-**	**-64%**	**125**	**82**	**202**	**188**	**193**	**5**	**-4%**
(11) Exportable surplus	69	64	203	45	45	0	-78%	34	13	36	50	55	5	53%
(12) Commercial End-Season Stocks	**203**	**216**	**477**	**203**	**203**	**0**	**-57%**	**91**	**69**	**166**	**138**	**138**	**0**	**-17%**

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	OTHER CEREALS *(e)*						
	2009/10 2013/14 average	**2012/13 estimate**	**2013/14 estimate**	**2014/15 Nov-14**	**2014/15 Jan-15**	**Absolute change Nov-14**	**% change on 13/14**
(1) Opening Stocks	5	5	5	5	5	0	0%
(2) Production	119	105	107	145	131	-14	22%
(3) Imports	2	7	3	3	3	0	0%
(4) Total Availability	**126**	**117**	**115**	**153**	**139**	**-14**	**21%**
(5+6 H&I and Animal Feed	117	109	107	145	131	-14	22%
(5a+ (of which home grown)	114	102	104	142	128	-14	23%
(7) Seed	-	3	3	3	3	0	0%
(8) Other	-	-	-	-	-	-	*
(9) Total Domestic Consumption	**117**	**112**	**110**	**148**	**134**	**-14**	**22%**
(10) Balance (4) - (9)	**9**	**5**	**5**	**5**	**5**	**0**	**0%**
(11) Exportable surplus	1	0	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						
	2009/10 2013/14 average	**2012/13 estimate**	**2014/15 estimate**	**2014/15 Nov-14**	**2014/15 Jan-15**	**Absolute change Nov-14**	**% change on 13/14**
(1) Opening Stocks	3,432	2,652	3,473	3,986	3,986	0	15%
(2) Production	20,724	19,515	20,084	24,621	24,468	-153	22%
(3) Imports	3,397	5,000	4,752	2,550	2,773	223	-42%
(4) Total Availability	**27,552**	**27,167**	**28,309**	**31,157**	**31,227**	**70**	**10%**
(5) H&I (wheat, barley, maize, oats) (g)	9,923	10,429	10,555	10,930	11,147	217	6%
(6) Animal Feed (wheat, barley, maize oats) (g)	10,705	11,344	11,255	11,152	11,115	-37	-1%
(5a + Other cereals (H&I and Animal Feed)	117	109	107	145	131	-14	22%
(7) Seed	480	514	474	474	474	0	0%
(8) Other	106	101	104	126	126	0	21%
(9) Total Domestic Consumption	**21,331**	**22,497**	**22,495**	**22,827**	**22,993**	166	**2%**
(10) Balance (4) - (9)	**6,222**	**4,670**	**5,814**	**8,330**	**8,234**	**-96**	**42%**
(11) Exports	2,698	1,198	1,828	-	-		*
(12) Intervention Stocks	31	-	-	-	-		*
(13) Commercial End-Season Stocks	**3,297**	**3,473**	**3,986**	-	-		*
(14) Estimated Operating stock requirement (wheat & barley only)	2,108	2,163	2,163	2,250	2,250	0	4%
(15) Free stock for wheat and barley	859	1,020	1,175	-	-	*	*
(16) Surplus available for either export or free stock (all)	3,583	2,507	3,651	6,080	5,984	-96	64%

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
(h) 2014/15 new format: Maize demand in "Other food use" has been added to the H&I total for maize. This was previously included in the "Other" category
** 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 November 2014 **Thousand tonnes**

	2009/10 to 2013/14 Average	2008/09 13 weeks	2009/10 13 weeks	2010/11 13 weeks	2011/12 13 weeks	2012/13 13 weeks	2013/14 13 weeks	2014/15 13 weeks	% Change 2014/15 on 2013/14	Actual Change 2014/15 on 2013/14
WHEAT										
(1) Usage Human and -Flour Millers *-imported*	*480*	*480*	*478*	*349*	*284*	*489*	*801*	*582*	*-27%*	*-220*
(2) Industrial *-home-grown*	*2127*	*2068*	*2019*	*2370*	*2163*	*2240*	*1844*	*2315*	*26%*	*472*
(3) Processors -Total	*2607*	*2548*	*2497*	*2719*	*2447*	*2730*	*2645*	*2897*	*10%*	*252*
(4) -Distillers	*267*	*261*	*212*	*206*	*246*	*314*	*357*	*350*	*-2%*	*-7*
(5) -Others	-	*67*	*70*	-	-	-	-	-	-	-
(6) Animal Feed Processors (a)	*1202*	*1153*	*1142*	*1152*	*1197*	*1255*	*1263*	*1245*	*-1%*	*-19*
(7) Poultry Integrated Units	*630*	*603*	*611*	*653*	*650*	*645*	*591*	*583*	*-1%*	*-8*
(8) Imports From July (b)	*715*	*505*	*582*	*415*	*367*	*1031*	*1180*	*792*	*-33%*	*-388*
(9) Exports From July (b)	*861*	*1657*	*787*	*1644*	*1229*	*477*	*167*	*713*	*328%*	*547*
(14) Intervention -Actual	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*	*0*
(15) -Projected	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*	*0*
BARLEY										
(1) Usage Maltsters/Distillers *-imported*	-	-	-	-	-	-	-	-	-	-
(2) *-home-grown*	-	-	-	-	-	-	-	-	-	-
(3) -Total	*710*	*722*	*630*	*677*	*724*	*739*	*780*	*799*	*2%*	*19*
(4) Animal Feed Processors (a)	*339*	*291*	*302*	*362*	*290*	*356*	*387*	*397*	*3%*	*10*
(5) Poultry Integrated Units	*31*	*43*	*39*	*29*	*30*	*30*	*30*	*24*	*-20%*	*-6*
(6) Imports From July (b)	*57*	*47*	*43*	*62*	*70*	*70*	*39*	*36*	*-8%*	*-3*
(7) Exports From July (b)	*422*	*390*	*404*	*398*	*386*	*280*	*641*	*559*	*-13%*	*-82*
(11) Intervention -Actual	*31*	*0*	*0*	*151*	*5*	*0*	*0*	*0*	*	*0*
(12) -Projected	*31*	*0*	*0*	*151*	*5*	*0*	*0*	*0*	*	*0*
MAIZE										
(1) Usage Human and Industrial	-	*135*	*131*	-	-	-	-	-	-	-
(2) Animal Feed Processors (a)	*61*	*59*	*46*	*43*	*42*	*73*	*103*	*113*	*10%*	*10*
(3) Imports From July (b)	*493*	*456*	*397*	*406*	*388*	*537*	*739*	*717*	*-3%*	*-21*
(4) Exports From July (b)	*17*	*4*	*5*	*9*	*14*	*22*	*34*	*24*	*-30%*	*-10*
OATS										
(1) Usage Human and Industrial Processors	-	*168*	*172*	-	-	-	-	-	-	-
(2) Animal Feed Processors (a)	*32*	*22*	*26*	*43*	*25*	*27*	*36*	*38*	*7%*	*3*
(3) Exports From July (b)	*14*	*66*	*13*	*35*	*10*	*5*	*9*	*39*	*353%*	*30*

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 13th January 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