

# Supply & Demand

11 October 2016



## Summary of Revisions

The tables below provide the Defra estimates of UK cereals supply and demand in the 2015/16 (July-June) season.

Please note that in 2015 Defra reviewed how it uses survey estimates to achieve consistent cereals balance sheet estimates. This resulted in the introduction of a method of allocating identified residuals across the balance sheet as and when required. To read more on the outcome of Defra's review and the implications for the UK cereals balance sheets, [click here to read a special MI Prospects article](#). Further detailed information on Defra's approach can be found by [clicking here to view the associated methodology paper](#). The Defra reliability scores method has been applied to the 2015/16 end of season balance sheets for wheat and maize to apportion residuals identified after the full season official statistics were taken into account.

At the end of the 2015/16 season, Defra asked farms and Merchants, Ports and Co-ops (MPC) to report stocks held on 24 June 2016, which was the end of the statistical month. This year, there was a particularly wide gap between the statistical and calendar month end dates, therefore there was concern over inconsistency in reporting timescales for the MPC sectors. In addition, the value of sterling substantially weakened on 24 June due to the impact of the EU Referendum vote. Adjustments have been made to take account of usage between 24 and 30 June and the potential mismatch between on-farm stocks reported at 24 June that were potentially also included in MPC stocks at 30 June.

This adjustment has been applied to wheat, barley and oat stocks; maize stocks were not adjusted, because for balance sheet purposes, we assume no domestic production of grain maize, therefore no farm stocks and less potential for mismatch between the on-farm stocks survey and MPC stocks, unlike other cereals. Note that it was still deemed necessary to apply the reliability scores method to the wheat balance sheet after taking account of the adjustment in stocks.

Please note that, after investigations into full season trade data, adjustments have been made to wheat exports and barley imports.

The main revisions from May's forecasts and comparisons with the 2014/15 season are summarised below.

## End of Season 2015/16 Defra UK Cereals Supply and Demand

### Wheat

- **Reallocation** – Defra's reliability scores method was applied to the 2015/16 wheat balance sheet to apportion an identified negative residual, or deficit, of 243Kt.
- **Trade** – Full season wheat imports totalled 1.509Mt, 59Kt higher than May's forecast, but 160Kt lower than the amount imported in 2014/15. Exports totalled 2.845Mt, 95Kt more than May's forecast and 888Kt higher year on year.
- **Availability** – Total available supplies are 20,451Mt, 131Kt more than May's forecast, due to the impact of the allocation method on production and imports. Compared with 2014/15, total available supplies are 4% higher.
- **Usage** – At 14,814Mt, total usage is 33Kt lower than May's forecast and 3% lower year on year. Reduction in human and industrial (H&I) consumption was the main driver behind lower overall usage in 2015/16.
- **Closing Stocks** – End of season stocks are estimated at 2.792Mt, 292Kt higher than May's forecast and 15% higher year on year. UK closing stocks (and thus 2016/17 opening stocks) are the highest on records going back to 1991/92.

## **Barley**

- **Trade** – Full season barley imports were 152Kt, 27Kt higher than May's forecast and 10% higher than the amount imported in 2014/15. Exports were 1.995Mt, 95Kt more than May's forecast and 33% higher, year on year.
- **Availability** – Opening stocks have been revised up to take account of revisions to 2014/15 closing stocks. Higher opening stocks coupled with higher imports means total availability is 67Kt more than that forecast in May, at 9.019Mt. Compared with 2014/15, total available supplies are 590Kt higher.
- **Usage** – At 5.658Mt, total demand is 197Kt higher than May's forecast and 4% higher year on year. The main driver behind higher overall consumption in 2015/16 was a 10% increase in animal feed demand. H&I usage of barley was 6% lower than in 2014/15.
- **Closing Stocks** – Stocks at the end of June 2016 were 1.367Mt, 358Kt higher than May's forecast but 9% lower year on year.

## **Oats**

- **Trade** – Full season oat imports totalled 39Kt, 4Kt higher than May's forecast and 5% higher than in 2014/15. Exports were 65Kt, unchanged from May's forecast but 16% lower year on year.
- **Availability** – Compared with May's forecast, total availability is 6Kt higher at 945Kt, but 8% lower than in 2014/15.
- **Usage** – Total consumption, at 784Kt, is 2Kt lower compared with May's forecast and 7% lower year on year. While H&I usage of oats increased to a record high of 525Kt, animal feed demand was down by 28% year on year.
- **Closing Stocks** – Closing stocks of 96Kt are 8Kt higher than forecasts made in May and 8% lower compared with a year earlier.

## **Maize**

- **Reallocation** – Defra's reliability scores method was applied to the 2015/16 maize balance sheet to apportion an identified residual of 316Kt.
- **Trade** – Full season maize imports were 1.745Mt, 144Kt higher than May's forecast, but 209Kt less than the amount imported in 2014/15.
- **Availability** – Total availability, at 2.054Mt, is 144Kt higher than May's forecast but 7% lower compared with 2014/15.
- **Usage** – Human and industrial demand, at 455Kt, is 16Kt higher than in May but 20% lower year on year. Animal feed consumption is 230Kt higher than May's forecast, at 1.339Mt, 10% higher than a year earlier.
- **Closing Stocks** – Closing stocks, at 135Kt are 124Kt lower than May's forecast and 56% lower year on year.

### **For further information please contact:**

Brenda Mullan, AHDB Cereals & Oilseeds Acting MS Team Arable Manager or Millie Askew, AHDB Cereals & Oilseeds Analyst  
E: [brenda.mullan@ahdb.org.uk](mailto:brenda.mullan@ahdb.org.uk) t: 024 7647 8862 m: 07815 001464  
E: [millie.askew@ahdb.org.uk](mailto:millie.askew@ahdb.org.uk) t: 024 7647 8968 m: 07976 553705

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AHDB  
Stoneleigh Park  
Kenilworth  
CV8 2TL  
UK

T +44 (0) 247 647 8760  
F +44 (0) 247 647 8904  
[cereals.info@ahdb.org.uk](mailto:cereals.info@ahdb.org.uk)  
[www.cereals.ahdb.org.uk](http://www.cereals.ahdb.org.uk)

## Appendix I

## DEFRA ANNUAL UK CEREAL SUPPLY AND DEMAND ESTIMATES (a)

## Estimates made in October

000 tonnes

In 2015, Defra reviewed how it uses survey estimates to achieve consistent cereals balance sheet estimates. The outcome of the review was the introduction of the reliability scores method used to allocate identified residuals across the balance sheet as and when required. Cereals balance sheets are published by AHDB Cereals & Oilseeds on behalf of Defra at <http://cereals.ahdb.org.uk/markets/supply-and-demand.aspx>.

(JULY - JUNE YEARS)

Links connect to relevant Defra/AHDB data pages

	WHEAT								BARLEY							
	2010/11 2014/15 average	2013/14 estimate**	2014/15 estimate**	2015/16 May-16	2015/16 Oct-16**	Absolute change May-16	% change on 14/15	2010/11 2014/15 average	2013/14 estimate	2014/15 estimate	2015/16 May-16	2015/16 Oct-16	Absolute change May-16	% change on 14/15		
(1) Opening Stocks	1,761	2,186	1,559	2,426	2,434	8	56%	1,157	997	1,379	1,457	1,497	40	9%		
(2) Production	14,313	11,808	16,363	16,444	16,508	64	1%	6,054	7,092	6,911	7,370	7,370	0	7%		
(3) Imports	1,745	2,191	1,669	1,450	1,509	59	-10%	151	100	139	125	152	27	10%		
(4) Total Availability	17,819	16,186	19,591	20,320	20,451	131	4%	7,362	8,189	8,429	8,952	9,019	67	7%		
(5) Human and Industrial Consumption (b)	7,376	7,461	7,831	7,393	7,356	-37	-6%	1,863	1,960	1,949	1,818	1,833	15	-6%		
(5a) (of which home grown)	6,166	5,913	6,640	6,435	6,412	-23	-3%	1,848	n/a	n/a	n/a	n/a	*	*		
(6) Usage as Animal Feed (c)	6,565	6,372	6,991	7,083	7,097	14	2%	3,246	3,495	3,276	3,429	3,606	177	10%		
(6a) (of which home grown)	6,068	5,635	6,501	6,588	6,443	-145	-1%	3,109	n/a	n/a	n/a	n/a	*	*		
(6b) (of which Compounders)	3,496	3,384	3,632	3,812	3,845	33	6%	1,002	1,169	1,079	1,128	1,105	-23	2%		
(6c) (of which Integrated Poultry Units)	1,509	1,394	1,427	1,221	1,210	-11	-15%	66	86	47	51	49	-2	4%		
(7) Seed (d)	296	293	291	289	282	-7	-3%	163	162	177	177	182	5	3%		
(8) Other	74	66	88	82	79	-3	-10%	30	35	35	37	37	0	6%		
(9) Total Domestic Consumption	14,311	14,192	15,200	14,847	14,814	-33	-3%	5,303	5,652	5,437	5,461	5,658	197	4%		
(10) Balance (4) - (9)	3,508	1,994	4,391	5,473	5,637	164	28%	2,059	2,537	2,992	3,491	3,361	-130	12%		
(11) Exports (e)	1,666	434	1,957	2,750	2,845	95	45%	923	1,158	1,495	1,900	1,995	95	33%		
(12) Intervention Stocks (e)	-	-	-	-	-	*	*	-	-	-	-	-	*	*		
(13) Commercial End-Season Stocks (e)	1,842	1,559	2,434	2,500	2,792	292	15%	1,137	1,379	1,497	1,009	1,367	358	-9%		
(14) (of which Estimated Operating stock requirement) (f)	1,432	1,450	1,500	1,500	1,550	50	3%	718	713	750	760	760	0	1%		
(15) (of which free stock) (g)	410	109	934	1,000	1,242	242	33%	419	666	747	249	607	358	-19%		
(16) Surplus available for either export or free stock (10)-(12)-(14)	2,076	544	2,891	3,973	4,087	114	41%	1,341	1,824	2,242	2,731	2,601	-130	16%		
(17) Residual (10)-(11)-(13) (i)				223							582					

	MAIZE								OATS							
	2010/11 2014/15 average	2013/14 estimate**	2014/15 estimate	2015/16 May-16	2015/16 Oct-16**	Absolute change May-16	% change on 14/15	2010/11 2014/15 average	2013/14 estimate	2014/15 estimate	2015/16 May-16	2015/16 Oct-16	Absolute change May-16	% change on 14/15		
(1) Opening Stocks	159	216	259	309	309	0	19%	92	69	168	105	107	2	-36%		
(2) Production	-	-	-	-	-	*	*	742	964	820	799	799	0	-3%		
(3) Imports	1,597	2,334	1,954	1,602	1,745	144	-11%	53	46	37	35	39	4	5%		
(4) Total Availability	1,757	2,550	2,213	1,911	2,054	144	-7%	887	1,079	1,025	939	945	6	-8%		
(5) Human and Industrial Consumption	512	679	566	439	455	16	-20%	485	508	492	530	525	-5	7%		
(5a) (of which home grown)	-	-	-	-	-	*	*	432	465	450	498	499	1	11%		
(6) Usage as Animal Feed	941	1,398	1,215	1,109	1,339	230	10%	247	345	328	234	236	2	-28%		
(6a) (of which home grown)	-	-	-	-	-	*	*	247	345	328	234	236	2	-28%		
(7) Seed	-	-	-	-	-	*	*	19	19	18	18	19	1	4%		
(8) Other (h)	4	5	4	4	6	2	49%	4	5	4	4	4	0	0%		
(9) Total Domestic Consumption	1,457	2,083	1,785	1,552	1,800	248	1%	754	877	842	786	784	-2	-7%		
(10) Balance (4) - (9)	300	467	428	359	254	-104	-41%	133	202	182	153	161	8	-12%		
(11) Exportable surplus	91	208	119	100	120	20	1%	39	36	77	65	65	0	-16%		
(12) Commercial End-Season Stocks	209	259	309	259	135	-124	-56%	94	166	105	89	96	8	-8%		

(a) These are revised during the year. Figures rounded to the nearest 1000 tonnes

(b) Defra updated the registry for the UK flour millers survey in spring 2016, the wheat H&amp;I usage has been adjusted to take account of this change.

(c) Animal feed usage has been split by sector. Note, other users are only included in the total.

(d) Seed numbers have been updated based on a number of assumptions, calculated for the purposes of the balance sheet only

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

(f) 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

(g) Free stock is the stock available after both exports and estimated operating stock requirements have been fulfilled

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

(i) Any identified residual will be either taken account of by official statistics in the end of season balance sheet or allocated using the reliability scores method

\* Percentage change not meaningful

\*\* These balance sheets have been adjusted as per Defra's reliability allocation method

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		OTHER CEREALS (j)							
		2010/11 2014/15 average	2013/14 estimate	2014/15 estimate	2015/16 May-16	2015/16 Oct-16	Absolute change May-16	% change on 14/15	
(1)	Opening Stocks	5	5	5	5	5	0	0%	
(2)	Production	119	107	131	121	121	0	-8%	
(3)	Imports	2	3	1	3	3	0	200%	
(4)	Total Availability	126	115	137	129	129	0	-6%	
(5+6)	H&I and Animal Feed	117	107	129	121	121	0	-6%	
(5a+6a)	(of which home grown)	115	104	128	118	118	0	-8%	
(7)	Seed	3	3	3	3	3	0	0%	
(8)	Other	-	-	-	-	0	0	*	
(9)	Total Domestic Consumption	120	110	132	124	124	0	-6%	
(10)	Balance (4) - (9)	6	5	5	5	5	0	0%	
(11)	Exportable surplus	1	0	0	0	0	0	*	
(12)	Intervention Stocks	0	0	0	0	0	0	*	
(13)	Commercial End-Season Stocks	5	5	5	5	5	0	0%	

		TOTAL CEREALS							
		2010/11 2014/15 average	2013/14 estimate**	2014/15 estimate**	2015/16 May-16	2015/16 Oct-16**	Absolute change May-16	% change on 14/15	
(1)	Opening Stocks	3,174	3,473	3,370	4,302	4,352	49	29%	
(2)	Production	21,246	19,971	24,225	24,734	24,798	64	2%	
(3)	Imports	3,521	4,675	3,800	3,215	3,448	234	-9%	
(4)	Total Availability	27,940	28,118	31,395	32,251	32,598	347	4%	
(5)	H&I (wheat, barley, maize, oats) (h)	10,235	10,608	10,838	10,180	10,169	-11	-6%	
(6)	Animal Feed (wheat, barley, maize oats) (h)	11,007	11,611	11,810	11,855	12,278	423	4%	
(5a +6a)	Other cereals (H&I and Animal Feed)	117	107	129	121	121	0	-6%	
(7)	Seed	482	477	489	487	486	-1	-1%	
(8)	Other	113	111	131	127	126	-1	-4%	
(9)	Total Domestic Consumption	21,953	22,914	23,397	22,770	23,180	410	-1%	
(10)	Balance (4) - (9)	5,987	5,205	7,998	9,481	9,418	-63	18%	
(11)	Exports	2,711	1,837	3,648	4,815	5,024	*	38%	
(12)	Intervention Stocks	-	-	-	-	-	*	*	
(13)	Commercial End-Season Stocks	3,277	3,368	4,350	3,861	4,395	534	1%	
(14)	Estimated Operating stock requirement (wheat & barley only)	2,150	2,163	2,250	2,260	2,310	50	3%	
(15)	Free stock for wheat and barley	820	775	1,681	1,249	1,849	600	10%	
(16)	Surplus available for either export or free stock (all)	3,838	3,042	5,748	7,221	7,109	-112	24%	
(17)	Residual (10)-(11)-(13) (i)				805				

(j) Includes mainly rye, triticale, mixed grain and sorghum

\*\* These balance sheets have been adjusted as per Defra's reliability allocation method

Source: DEFRA