Supply & Demand

29 September 2017

CEREALS & OILSEEDS

Summary of Revisions

The tables below provide the Defra estimates of UK cereals supply and demand in the 2016/17 (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 2016/17 end of season balance sheets for wheat and barley to apportion residuals identified after the full season official statistics were taken into account.

Please note that, after investigations into full season trade data, adjustments have been made to wheat and maize imports, see below for more information. Retrospective changes will be applied to the trade figures in these balance sheets as HMRC complete their investigations.

The **main revisions** from June's forecasts and comparisons with the 2015/16 season are summarised below.

End of Season 2016/17 Defra UK Cereals Supply and Demand

Wheat

- **Reallocation** – Defra's reliability scores method was applied to the 2016/17 wheat balance sheet to apportion an identified residual, or surplus, of 122Kt.

- **Trade** – Full season wheat imports are estimated at 1.834Mt, 134Kt higher than June's forecast and 325Kt more than in 2015/16. Note that pre-allocation, 2016/17 wheat imports have been adjusted downwards by 79Kt in this balance sheet, compared with the official statistics from HMRC. This was necessary in order to take account of a query associated with substantially high imports from Romania in April which is still being investigated by HMRC. Exports totalled 1.446Mt, significantly less (1.4Mt) than a year earlier and 54Kt lower than June's forecast.

- **Availability** – Total available supplies are estimated at 18.973Mt, 98Kt more than June's forecast, mainly due to higher than previously forecast imports. Compared with 2015/16, total available supplies are 7% lower.

- **Usage** – At 15.760Mt, total usage is 75Kt more than June's forecast and 6% higher compared with 2015/16. Increased wheat usage year on year was primarily driven by more demand for bioethanol production.

- **Closing Stocks** – End of season stocks are estimated at 1.766Mt, lower than that forecast in June by 274Kt and over a third (37%), lower than in 2015/16. UK 2016/17 closing stocks (and thus 2017/18 opening stocks) are the lowest since 2013/14.

Barley

- **Reallocation** – Defra's reliability scores method was applied to the 2016/17 barley balance sheet to apportion an identified residual, or surplus, of 286Kt.

- **Trade –** Full season barley imports were 158Kt, 53Kt higher than June's forecast, with particularly higher barley imports in the last two months of the season, making up 42% of the full season total. Barley exports are estimated at 1.056Mt, almost half that exported in 2015/16.

- **Availability –** Opening stocks remain unchanged from that estimated in June, with lower production estimates largely offset by higher imports. Compared with 2015/16, total available supplies are 10% lower at 8.132Mt.

- **Usage –** At 5.955Mt, total demand is 248Kt higher than June's forecast and 5% higher year on year. Similar to the previous season, the main driver behind higher overall consumption in 2016/17 was a further 7% increase in animal feed demand. H&I usage of barley was also higher, by 2%, compared with 2015/16.

- **Closing Stocks –** Closing stocks of barley are estimated at 1.121Mt, 62Kt lower than June's forecast and 18% lower year on year.

Oats

- **Trade –** Full season oat imports totalled 53Kt, 13Kt higher than June's forecast and 34% higher than in 2015/16. Exports were 21Kt, unchanged from June's forecast but 68% lower year on year.

- **Availability –** Compared with June's forecast, total availability is 9Kt higher at 961Kt, up 2% on 2015/16.

- **Usage –** Total usage of oats is 2016/17 is estimated at 831Kt, 9Kt higher than June's estimate and up 5% on the previous year. Oatmillers' usage was down marginally compared with 2015/16, but animal feed consumption was up by 18% year on year.

- **Closing Stocks –** Closing stocks of 110Kt are up 1Kt compared with June's forecast and up 19% on the year.

Maize

- **Trade –** Full season maize imports are estimated at 2.053Mt, 75Kt higher than June's forecast and up 18% compared with 2015/16. Note that, similar to wheat, 2016/17 maize imports have been adjusted downwards by 73Kt in this balance sheet, compared with the official statistics from HMRC. This was necessary in order to take account of a query associated with substantially high imports from Romania in April, which is still being investigated by HMRC.

- **Availability –** Total availability, at 2.201Mt, is 78Kt higher than June's forecast and 7% higher year on year.

- **Usage –** Human and industrial demand, at 569Kt, is 21Kt higher than in June and 24% higher year on year. While H&I usage was up on the year by 24%, animal feed usage was down by approximately 12%, leading to a 3% reduction in total consumption compared with a year earlier.

- **Closing Stocks –** Closing stocks, at 301Kt are 154Kt higher than June's forecast and up over 100% on the year.

For further information please contact:
Brenda Mullan, AHDB Cereals & Oilseeds Acting MS Team Arable Manager
E: brenda.mullan@ahdb.org.uk t: 024 7647 8862 m: 07815 001464

AHDB
Stoneleigh Park
Kenilworth
CV8 2TL
UK

T +44 (0) 247 647 8760
F +44 (0) 247 647 8904
cereals.info@ahdb.org.uk
www.cereals.ahdb.org.uk

Appendix I

DEFRA ANNUAL UK CEREAL SUPPLY AND DEMAND ESTIMATES (a)

Estimates made in September

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						
		2011/12 2015/16 average	**2014/15 estimate****	**2015/16 estimate****	**2016/17 Jun-17**	**2016/17 Sep-17****	**Absolute change Jun-17**	**% change on 15/16**	**2011/12 2015/16 average**	**2014/15 estimate**	**2015/16 estimate**	**2016/17 Jun-17**	**2016/17 Sep-17****	**Absolute change Jun-17**	**% change on 15/16**
(1)	Opening Stocks	1,842	1,559	2,434	2,792	2,787	-5	14%	1,133	1,379	1,497	1,367	1,367	0	-9%
(2)	Production	14,639	16,363	16,506	14,383	14,352	-31	-13%	6,478	6,911	7,370	6,655	6,607	-48	-10%
(3)	Imports	1,847	1,669	1,509	1,700	1,834	134	22%	158	139	159	105	158	53	-1%
(4)	**Total Availability**	**18,328**	**19,591**	**20,449**	**18,875**	**18,973**	98	-7%	**7,769**	**8,429**	**9,026**	**8,127**	**8,132**	5	-10%
(5)	Human and Industrial Consumption (b)	7,408	7,831	7,360	8,106	8,119	13	10%	1,881	1,949	1,833	1,860	1,874	14	2%
(5a)	(of which home grown)	6,148	6,640	6,416	7,171	7,175	4	12%	n/a	n/a	n/a	n/a	n/a	-	*
(6)	Usage as Animal Feed (c)	6,755	6,991	7,094	7,224	7,300	76	3%	3,283	3,276	3,613	3,633	3,856	223	7%
(6a)	(of which home grown)	6,180	6,501	6,444	6,547	6,458	-89	0%	n/a	n/a	n/a	n/a	n/a	-	*
(6b)	(of which Compounders)	3,610	3,632	3,845	4,011	4,051	40	5%	1,026	1,079	1,108	1,112	1,144	32	3%
(6c)	(of which Integrated Poultry Units)	1,428	1,427	1,210	1,222	1,213	-9	0%	62	47	49	51	53	2	8%
(7)	Seed (d)	294	291	281	283	267	-16	-5%	171	177	182	181	189	8	4%
(8)	Other	75	88	79	72	74	2	-6%	32	35	37	33	36	3	-3%
(9)	**Total Domestic Consumption**	**14,532**	**15,201**	**14,814**	**15,685**	**15,760**	75	6%	**5,368**	**5,437**	**5,665**	**5,707**	**5,955**	248	5%
(10)	**Balance (4) - (9)**	**3,796**	**4,390**	**5,635**	**3,190**	**3,213**	23	-43%	**2,401**	**2,992**	**3,361**	**2,420**	**2,177**	-243	-35%
(11)	Exports (e)	1,704	1,957	2,848	1,500	1,446	-54	-49%	1,167	1,495	1,994	1,000	1,056	56	-47%
(12)	Intervention Stocks (e)	-	-	-	-	-	0	*	-	-	-	-	-	-	*
(13)	**Commercial End-Season Stocks (e)**	**2,092**	**2,434**	**2,787**	**2,040**	**1,766**	-274	-37%	**1,235**	**1,497**	**1,367**	**1,183**	**1,121**	-62	-18%
(14)	(of which Estimated Operating stock requirement) (f)	1,459	1,500	1,500	1,600	1,600	0	7%	730	750	760	760	760	-	0%
(15)	(of which free stock) (g)	633	934	1,287	440	166	-274	-87%	505	747	607	423	361	-62	-41%
(16)	Surplus available for either export or free stock (10)-(12)-(14)	**2,337**	**2,890**	**4,135**	**1,590**	**1,613**	23	-61%	**1,672**	**2,242**	**2,601**	**1,660**	**1,417**	-243	-46%
(17)	Residual (10)-(11)-(13) (i)				***- 350***							***237***			

		MAIZE							OATS						
		2011/12 2015/16 average	**2014/15 estimate**	**2015/16 estimate****	**2016/17 Jun-17**	**2016/17 Sep-17**	**Absolute change Jun-17**	**% change on 15/16**	**2011/12 2015/16 average**	**2014/15 estimate**	**2015/16 estimate**	**2016/17 Jun-17**	**2016/17 Sep-17**	**Absolute change Jun-17**	**% change on 15/16**
(1)	Opening Stocks	209	259	309	145	148	3	-52%	94	168	107	96	93	-3	-13%
(2)	Production	-	-	-	-	-	-	*	765	820	799	816	816	0	2%
(3)	Imports	1,723	1,856	1,741	1,978	2,053	75	18%	58	37	39	40	53	13	34%
(4)	**Total Availability**	**1,932**	**2,115**	**2,050**	**2,123**	**2,201**	78	7%	**916**	**1,025**	**945**	**952**	**961**	9	2%
(5)	Human and Industrial Consumption	479	566	459	548	569	21	24%	498	492	525	530	521	-9	-1%
(5a)	(of which home grown)	-	-	-	-	-	-	*	443	450	499	485	455	-30	-9%
(6)	Usage as Animal Feed	1,085	1,144	1,314	1,254	1,150	-104	-12%	255	326	240	267	283	16	18%
(6a)	(of which home grown)	-	-	-	-	-	-	*	255	326	240	267	283	16	18%
(7)	Seed	-	-	-	-	-	-	*	19	18	19	21	23	2	21%
(8)	Other (h)	49	4	9	4	4	0	-56%	4	4	4	4	4	0	0%
(9)	**Total Domestic Consumption**	**1,613**	**1,714**	**1,782**	**1,806**	**1,723**	-83	-3%	**776**	**840**	**788**	**822**	**831**	9	5%
(10)	**Balance (4) - (9)**	**319**	**401**	**268**	**317**	**478**	161	79%	**141**	**184**	**157**	**130**	**131**	1	-17%
(11)	Exportable surplus	103	92	120	170	177	7	48%	41	77	65	21	21	0	-68%
(12)	**Commercial End-Season Stocks**	**216**	**309**	**148**	**147**	**301**	154	103%	**100**	**107**	**93**	**109**	**110**	1	19%

(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&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&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*

Continued over the page

		OTHER CEREALS *(j)*						
		2011/12 2015/16 average	**2014/15 estimate**	**2015/16 estimate**	**2016/17 Jun-17**	**2016/17 Sep-17**	**Absolute change Jun-17**	**% change on 15/16**
(1)	Opening Stocks	5	5	5	5	5	0	0%
(2)	Production	117	131	121	110	110	0	-9%
(3)	Imports	3	1	3	3	3	0	0%
(4)	**Total Availability**	**125**	**137**	**129**	**118**	**118**	0	-9%
(5+6)	H&I and Animal Feed	115	129	121	110	110	0	-9%
(5a+6a)	(of which home grown)	114	128	118	107	107	0	-9%
(7)	Seed	3	3	3	3	3	0	0%
(8)	Other	-	-	-	-	-	-	*
(9)	**Total Domestic Consumption**	**118**	**132**	**124**	**113**	**113**	0	-9%
(10)	**Balance (4) - (9)**	**6**	**5**	**5**	**5**	**5**	0	0%
(11)	Exportable surplus	1	0	0	0	0	-	*
(12)	Intervention Stocks	0	0	0	0	0	-	*
(13)	**Commercial End-Season Stocks**	**5**	**5**	**5**	**5**	**5**	0	0%

		TOTAL CEREALS						
		2011/12 2015/16 average	**2014/15 estimate****	**2015/16 estimate****	**2016/17 Jun-17**	**2016/17 Sep-17****	**Absolute change Jun-17**	**% change on 15/16**
(1)	Opening Stocks	3,284	3,370	4,352	4,405	4,399	-6	1%
(2)	Production	21,998	24,225	24,796	21,964	21,885	-79	-12%
(3)	Imports	3,788	3,702	3,451	3,826	4,101	275	19%
(4)	**Total Availability**	**29,070**	**31,297**	**32,598**	**30,195**	**30,385**	190	-7%
(5)	H&I (wheat, barley, maize, oats) (h)	10,266	10,838	10,177	11,044	11,083	39	9%
(6)	Animal Feed (wheat, barley, maize oats) (h)	11,378	11,737	12,260	12,378	12,589	211	3%
(5a +6a)	Other cereals (H&I and Animal Feed)	115	129	121	110	110	0	-9%
(7)	Seed	486	490	485	488	482	-6	-1%
(8)	Other	160	131	129	113	118	5	-9%
(9)	**Total Domestic Consumption**	**22,406**	**23,325**	**23,172**	**24,133**	**24,382**	249	5%
(10)	**Balance (4) - (9)**	**6,664**	**7,972**	**9,426**	**6,062**	**6,003**	-59	-36%
(11)	Exports	3,017	3,621	5,027	2,691	2,700	9	-46%
(12)	Intervention Stocks	-	-	-	-	-	0	*
(13)	**Commercial End-Season Stocks**	**3,647**	**4,352**	**4,400**	**3,484**	**3,303**	-181	-25%
(14)	Estimated Operating stock requirement (wheat & barley only)	2,189	2,250	2,260	2,360	2,360	0	4%
(15)	Free stock for wheat and barley	1,138	1,681	1,894	863	527	-336	-72%
(16)	Surplus available for either export or free stock (all)	4,475	5,722	7,167	3,702	3,644	-58	-49%
(17)	Residual (10)-(11)-(13) (i)				***- 113***			

(j) Includes mainly rye, triticale, mixed grain and sorghum ***Source: DEFRA***

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

APPENDIX II

CUMULATIVE MONTHLY STATISTICS
Usage of Cereals by Processors,
External Trade and Stocks

Situation as at end of June 2017 — **Thousand tonnes**

	2010/11 to 2014/15 Average	2008/09 52 weeks	2009/10 52 weeks	2010/11 52 weeks	2011/12 52 weeks	2012/13 52 weeks	2013/14 52 weeks	2014/15 52 weeks	2015/16 52 weeks	2016/17 52 weeks	% Change 2016/17 on 2015/16	Actual Change 2016/17 on 2015/16
WHEAT												
(1) Usage Human and -Flour Millers *-imported*	*1205*	*1202*	*1055*	*767*	*688*	*1794*	*1439*	*1168*	*935*	*940*	*1%*	*5*
(2) Industrial *-home-grown*	*5260*	*4894*	*5135*	*5685*	*5267*	*4787*	*4957*	*5675*	*5616*	*6289*	*12%*	*673*
(3) Processors -Total	*6465*	*6096*	*6190*	*6451*	*5955*	*6581*	*6396*	*6843*	*6551*	*7229*	*10%*	*678*
(4) -Distillers	*743*	*580*	*527*	*531*	*662*	*818*	*815*	*772*	*649*	*705*	*9%*	*56*
(5) -Others	*173*	*117*	*120*	*159*	*157*	*174*	*181*	*175*	*176*	*166*	*-5%*	*-10*
(6) Animal Feed Processors (a)	*3098*	*2841*	*2797*	*2739*	*3079*	*3085*	*2875*	*3099*	*3353*	*3493*	*4%*	*139*
(7) Poultry Integrated Units	*1425*	*1496*	*1540*	*1614*	*1606*	*1505*	*1381*	*1420*	*1215*	*1210*	*0%*	*-5*
(8) Imports From July (b)	*1750*	*1304*	*1240*	*1000*	*907*	*2956*	*2210*	*1677*	*1504*	*1916*	*27%*	*412*
(9) Exports From July (b)	*1662*	*3524*	*2427*	*2654*	*2545*	*734*	*431*	*1948*	*2857*	*1444*	*-49%*	*-1413*
(14) Intervention -Actual	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	-	-
(15) -Projected	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	-	-
BARLEY												
(1) Usage Maltsters/Distillers *-imported*	-	-	-	-	-	-	-	-	-		-	-
(2) *-home-grown*	-	-	-	-	-	-	-	-	-		-	-
(3) -Total	*1853*	*1743*	*1592*	*1730*	*1818*	*1832*	*1902*	*1893*	*1821*	*1847*	*1%*	*26*
(4) Animal Feed Processors (a)	*903*	*692*	*863*	*854*	*650*	*880*	*1047*	*953*	*986*	*998*	*1%*	*12*
(5) Poultry Integrated Units	*62*	*80*	*94*	*69*	*57*	*70*	*86*	*47*	*49*	*52*	*7%*	*4*
(6) Imports From July (b)	*151*	*142*	*86*	*125*	*156*	*237*	*100*	*139*	*159*	*159*	*0%*	*0*
(7) Exports From July (b)	*925*	*812*	*1034*	*772*	*804*	*395*	*1158*	*1495*	*1994*	*1050*	*-47%*	*-944*
(11) Intervention -Actual	*22*	*0*	*62*	*106*	*5*	*0*	*0*	*0*	*0*	*0*	-	-
(12) -Projected	*9*	*0*	*140*	*40*	*5*	*0*	*0*	*0*	*0*	*0*	-	-
MAIZE												
(1) Usage Human and Industrial	*346*	*267*	*252*	*295*	*278*	*308*	*375*	*447*	*322*	*396*	*23%*	*73*
(2) Animal Feed Processors (a)	*253*	*119*	*114*	*109*	*108*	*238*	*360*	*281*	*276*	*267*	*-3%*	*-9*
(3) Imports From July (b)	*1612*	*952*	*898*	*1041*	*985*	*1687*	*2394*	*1954*	*1814*	*2127*	*17%*	*312*
(4) Exports From July (b)	*89*	*14*	*15*	*34*	*30*	*60*	*203*	*119*	*115*	*177*	*54%*	*62*
OATS												
(1) Usage Human and Industrial Processors	*498*	*419*	*429*	*460*	*474*	*492*	*508*	*492*	*525*	*522*	*-1%*	*-4*
(2) Animal Feed Processors (a)	*80*	*61*	*89*	*91*	*59*	*78*	*118*	*95*	*52*	*40*	*-24%*	*-12*
(3) Exports From July (b)	*39*	*86*	*50*	*53*	*16*	*13*	*36*	*77*	*65*	*21*	*-68%*	*-44*

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.
There were 53 weeks in the Statistical year 2016. In order to incorporate the change April 2016 was increased to a 5 week period compared to 4 weeks in 2015.
Note: This Appendix reflects the position as at 26 September 2017. 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

SOURCE: Defra Agricultural Statistics and Analysis, HM Customs and Excise/Intrastat, HGCA