

14 October 2019

INTRODUCTION

Wheat and barley production in the UK are provisionally estimated to be considerably higher than year earlier levels. While domestic consumption for both grains is expected to be higher in 2019/20, a rise in total availability has meant the wheat and barley balances are estimated to increase on the year, leading to a significantly larger surplus availability for either export or free stock.

WHEAT

- **Availability** – At 19.244Mt, UK wheat availability in 2019/20 is forecast to be 2.113Mt or 12% higher than in 2018/19, driven by an estimated rise in production, and to a lesser extent opening stocks, outweighing a fall in projected imports. The provisional results of the [Defra Cereal and Oilseed Rape Production Survey](#) reported UK wheat production for 2019 at 16.283Mt, 20% higher than 2018 levels. A combination of higher than average yields and an increase in area planted led to the rise in estimated wheat output for 2019. Opening stocks are estimated at 1.911Mt, 11% higher than in 2018/19.
- **Imports** – Full season wheat imports are estimated at 1.050Mt in 2019/20, 43% or 808Kt lower than levels recorded in 2018/19. UK imports of wheat from July to August totalled 223Kt, 58% lower than the same period in 2018/19. It is expected that wheat imports will continue to be lower than year earlier levels as the season progresses, largely due to higher domestic availability.
- **Usage** – Total domestic consumption of wheat in 2019/20 is estimated to be 1% higher compared with 2018/19 at 14.809Mt, as a forecast rise in animal feed demand is partially offset by a decline in human and industrial usage (H&I).

In 2019/20 H&I consumption of wheat is forecast at 6.928Mt, 47Kt less than in 2018/19, driven predominately by a decline in bioethanol usage. Compared to last season's estimates, it is assumed that the proportion of wheat used by the bioethanol industry will increase, due to its relative price and availability. However, it is expected that Vivergo Fuels will remain offline for the whole 2019/20 season, following the plant ceasing production at the end of September 2018. Bioethanol usage will be monitored throughout the season. Usage of wheat by flour millers in 2019/20 is expected to remain relatively stable on the year. While the second provisional [AHDB Cereal Quality Survey](#) results report a similar proportion of samples hitting full specification as 2018, anecdotal reports suggest quality in some regions is lower than the GB average. With this in mind, millers import requirements are expected to be slightly higher than year earlier levels. Wheat usage by brewers, maltsters and distillers (BMD) is expected to be higher than in 2018/19, due to its relative price and availability compared to maize.

Wheat demand for animal feed in 2019/20 is expected to increase on year earlier levels by 2% to 7.519Mt. While the proportion of wheat used in animal feed is expected to increase on the year, due to its relative price, the rise is expected to be somewhat capped by a projected fall in overall animal feed production and, to an extent, an uptick in barley usage. Total animal feed production is expected to fall on the year, driven largely by a decline in ruminant feed demand, outweighing a rise in projected pig feed production. Poultry feed demand is expected to remain relatively stable on the year. With forage quality and availability higher this year, amongst other factors, it is expected that less bought in feed will be used by the cattle sector and to an extent sheep.

- **Balance** – The balance of availability and domestic consumption is forecast to be 85% higher than in 2018/19 at 4.435Mt. The estimated operating stock requirement remains unchanged on the year in 2019/20 at 1.550Mt. This leaves a surplus available for export or free stock of 2.885Mt, significantly higher than the previous season. This reflects the higher levels of output this season, while domestic consumption remains relatively stable. However, as always caution should be taken when examining these figures at such an early stage in the season.

BARLEY

- **Availability** – In 2019/20 the total availability of barley is estimated at 9.336Mt, 1.680Mt or 22% higher than levels recorded in 2018/19, driven by an estimated increase in production. Provisional results from the [Defra Cereal and Oilseed Rape Production](#) survey reported a higher than average yield in 2019, which combined with an increased planted area, led to a rise in output. At 8.180Mt, barley production is 26% or 1.670Mt higher than in 2018/19 and the highest UK level recorded since 1988. Opening stocks are estimated to be 1% higher on the year at 1.091Mt.
- **Imports** – At 65Kt, UK barley imports are estimated to be 5Kt lower than levels recorded in 2018/19. From July to August, the UK imported 14Kt of barley, 32% lower than in 2018/19. With a significantly larger domestic crop, barley imports are expected to be relatively suppressed in 2019/20.
- **Usage** – Total domestic consumption of barley in 2019/20 is estimated to increase by 9% or 489Kt on the year to 6.191Mt, driven by a projected increase in animal feed usage and to an extent H&I demand.

H&I barley usage is estimated at 1.938Mt in 2019/20, 35Kt higher year on year. It is expected that there will be no changes in capacity or closures. Usage by the BMD sector is projected to increase slightly, partly driven by improved productivity and an expected rise in barley usage by distillers due to its relative price and availability.

In 2019/20 animal feed demand for barley is expected to increase by 12% or 446Kt to 4.024Mt. Despite the projected decline in total animal feed production, the proportion of barley in some rations, such as pigs and ruminant, is expected to increase due to higher availability and its relative price. Furthermore, the amount of barley fed on farm is expected to increase, partly due to the larger size of the domestic crop.

- **Balance** – At 3.145Mt, the balance of total availability and domestic consumption is 1.191Mt higher than in 2018/19. The estimated operating stock requirement for 2019/20 is estimated at 790Kt, 10Kt higher than in 2018/19. This means that the surplus available for either free stock or export is more than double that of 2018/19 at 2.355Mt. Again, caution should be taken when examining these figures at such an early stage in the season.

NOTES

This document provides commentary on the annual AHDB Early Balance Sheets for UK wheat and barley, for the 2019/20 marketing season. These balance sheets are designed to provide the industry with information on the UK supply and demand position ahead of the first official UK Cereals Supply and Demand Estimates, due to be published on 28 November. Production is based on the provisional results from the [Defra Cereal and Oilseed Rape Production Survey](#). Comparisons are with both official survey figures and the 2018/19 end-season supply and demand estimates. As always, caution should be taken when examining these figures at such an early stage of the season.

For further information, please contact Millie Askew, Senior Analyst, AHDB Balance Sheet Team

E: millie.askew@ahdb.org.uk T: 024 7647 8969

AHDB Early Cereal Supply and Demand Balance Sheets 2019/20

Thousand tonnes

	Wheat					Barley				
	2017/18	2018/19	2019/20	Change on 2018/19	% Change on 2018/19	2017/18	2018/19	2019/20	Change on 2018/19	% Change on 2018/19
Opening Stocks	1,755	1,718	1,911	193	11%	1,105	1,076	1,091	15	1%
Production	14,837	13,555	16,283	2,728	20%	7,169	6,510	8,180	1,670	26%
Imports	1,793	1,858	1,050	-808	-43%	105	70	65	-5	-8%
Availability	18,386	17,131	19,244	2,113	12%	8,379	7,657	9,336	1,680	22%
Human and Industrial Consumption	7,792	6,976	6,928	-47	-1%	1,881	1,903	1,938	35	2%
<i>of which home grown</i>	6,765	5,923	6,011	88	1%	n/a	n/a	n/a	n/a	n/a
Animal Feed Consumption	7,514	7,403	7,519	115	2%	4,046	3,578	4,024	446	12%
Seed	271	281	281	-	-	183	188	188	-	-
Other	74	68	81	13	19%	36	33	41	8	24%
Domestic Consumption	15,651	14,728	14,809	81	1%	6,147	5,702	6,191	489	9%
Balance	2,735	2,403	4,435	2,032	85%	2,232	1,954	3,145	1,191	61%
Exports ²	448	358	-	-	-	1,101	863	-	-	-
Intervention Stocks ²	-	-	-	-	-	-	-	-	-	-
Commercial End-Season Stocks²	1,718	1,911	-	-	-	1,076	1,091	-	-	-
<i>of which Estimated Operating Stocks Requirement³</i>	1,600	1,550	1,550	-	-	770	780	790	10	1%
<i>of which Free Stocks⁴</i>	118	361	-	-	-	306	311	-	-	-
Surplus available for either export or free stock	567	720	2,885	2,166	301%	1,408	1,174	2,355	1,181	101%
Residual	568	134	-	-	-	54	-	-	-	-

Source: AHDB, Defra

These balance sheets have been produced by AHDB. The balance sheets should be viewed in conjunction with the official UK Cereals Supply and Demand Balance Sheets. The first official 2019/20 Balance Sheets are due to be released on 28 November 2019.

These are revised during the year. Figures rounded to the nearest 1000 tonnes. Due to rounding, totals may not agree with the sum of the individual items.

1. Forecast using best information available as at 14 October 2019

2. Split of exports, intervention and total commercial end-season stocks only published for historical seasons

3. This 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

Estimated Operating Stocks Requirement calculated as shown [here](#)

4. 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

While the Agriculture and Horticulture Development Board seeks to ensure that the information contained within this document is accurate at the time of printing, no warranty is given in respect thereof and, to the maximum extent permitted by law the Agriculture and Horticulture development Board accepts no liability for loss, damage or injury howsoever caused (including that caused by negligence) or suffered directly or indirectly in relation to information and opinions contained in or omitted from this document.