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Germany

Grain and Feed

Grain Crop Suffering under Extreme Heat

2006

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Report Highlights:

The extreme heat affecting Europe in July hit the crop outlook for grains significantly. Germany's 2006 grain crop is now expected to reach only 42.5 MMT, the lowest level since German unification in 1990. Despite lower yields, domestic supplies are not at risk and quality of bread grain is reported to be good. Severe drought damages are forecast for corn silage and grain corn.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Berlin [GM1]
[GM]

German Grain Crop Situation 2006

The extreme heat of the past four weeks had adversely affected a once promising German grain crop. The hot conditions have prevented grains from maturing properly causing the amount of shriveled kernels to be higher than normal. In addition, the 1000 kernel weight is below average for most grains and most regions. Fields in the eastern part of the country were especially hard hit. Corn crops, in particular, have been badly damaged. Heat was not the only factor affecting the corn crop, but the exceptionally long winter and below average spring temperatures have taken its toll on this year's harvest.

Total German grain crop is estimated to reach only 42.5 MMT, see table below. Recent area census data indicate that German grain area is about 100,000 hectares less than last year. Crop quality so far has been reported to be good. Protein levels in wheat are high as well as Hagberg falling numbers. Also baking quality of the rye is expected to be excellent. There is no shortage for baking wheat and rye. Since winter barley was harvested before the onset of the hot conditions, yield losses were less significant and quality is also reportedly good.

	2005			2006		
	Area 1000 ha	Yield MT/ha	Production 1,000 MT	Area 1000 ha	Yield MT/ha	Production 1,000 MT
Winter Wheat	3,110	7.51	23,349	3,067	6.77	20,748
Spring Wheat	53	5.49	293	45	5.30	236
Durums	10	4.93	51	12	5.00	61
All Wheat	3,174	7.47	23,693	3,123	6.74	21,045
Rye	549	5.09	2,794	539	5.50	2,965
Winter Barley	1,345	6.56	8,819	1,483	6.51	9,650
Spring Barley	602	4.64	2,795	548	4.80	2,630
All Barley	1,947	5.97	11,614	2,030	6.05	12,280
Oats	210	4.59	964	185	4.49	830
Spring Mixed	26	4.18	110	25	4.30	109
Winter Mixed	9	5.18	49	9	5.10	47
Triticale	481	5.57	2,676	407	5.81	2,364
All	516	5.49	2,834	442	5.70	2,520
Corn	443	9.27	4,083	407	7.02	2,860
Grand Total	6,839	6.72	45,980	6,727	6.32	42,500

As result of the smaller crop, wheat prices are trending upward. They are already about five percent higher than one year ago. Barley prices are also slowly rising. It is possible that barley will also take advantage of the smaller wheat harvest and replace wheat in feed rations. In the export markets, German barley is facing increased competition from the Black Sea region and last year's special price driving demand from the Iberian Peninsular is missing this year.

Corn growers are contending with a new major challenge this year due to the numerous biogas facilities that have been installed on many farms. Currently, there are about 3,200 biogas facilities in operation or in the early stages of operation. Since these biogas facilities primarily use silage corn and manure to generate methane gas and subsequently electricity, this has increased the demand for corn significantly. Industry sources estimate that this new competitor for agricultural crops has generated additional pressure to require about 150 to 200 thousand hectares to be designated for energy production. Due to this summer's drought, farmers in the worst-affected regions are at risk of not producing enough feed stock to keep their biogas facilities running. The drought is also expected to drive up prices for corn, grass silage and animal feed.

Due to the excessive heat and drier conditions the European Commission has already allowed for early grazing and haying of set-aside areas. Under normal rules these areas would not be utilized for feed purposes before August 31. The volume of the first cut of hay and grass silage in May/June was relatively large with the quality being fairly good. This enables the farmers to partially compensate for their weather-related damages.