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EU-27

Grain and Feed

Big Crop, Soft Prices...Strong Exports?

2008

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Report Highlights:

With Member States starting to publish first provisional harvest estimates for 2008, the total EU-27 grain crop is now expected to reach 309 MMT this season. This is over 20 per cent up on MY2007/08. Within this total, the EU-27 wheat, barley and corn harvests are estimated at 151 MMT, 65 MMT and 60 MMT, respectively. The large available volume but mixed quality of domestic EU-27 grain supplies has necessarily put the focus on export markets. Export business is currently reported to be brisk, particularly for wheat, albeit at significantly reduced prices as compared with just two months ago. While the story for this season is one of finding homes, domestic or otherwise, for the ample supplies, good planting conditions and the current financial climate are just two opposing examples of a number of factors influencing the planted area for the 2009 grain harvest.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
London [UK1]
[E4]

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Introduction

This report presents the outlook for grain and feed, and Production, Supply and Demand (PS&D) forecasts for the Marketing Year (MY) 2008/2009. Unless stated otherwise, data in this report is based on the views of Foreign Agricultural Service analysts in the EU and is not official USDA data.

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HA = Hectares

MT = Metric Tonne

MY = Marketing Year. Post estimates follow the EU local marketing year of July to June except for corn which follows an October to September calendar. USDA official data use July to June for wheat and October to September for all coarse grains

TY = July to June for wheat and October to September for coarse grains

Executive Summary

Country:	EU 27									
Commodity:	Total grains									
		2006/07			2007/08			2008/09		UOM
	USDA Official	Post Estimate Old	Post Estimate New	USDA Official	Post Estimate Old	Post Estimate New	USDA Official	Post Estimate Old	Post Estimate New	
Market Year Begin		07/2006			07/2007			07/2008		MM/YYYY
Area Harvested	56305	56183	56249	56769	56529	56648	59825	59500	59925	(1000 HA)
Beginning Stocks	45659	45659	45659	29313	30641	31288	23749	25038	27237	(1000 MT)
Production	262303	261782	262179	255678	255424	256137	302984	302000	309000	(1000 MT)
MY Imports	13126	13141	13126	26695	26729	26695	8255	10220	8205	(1000 MT)
TY Imports	13875	13141	13126	26137	26729	26695	8255	10220	8205	(1000 MT)
TY Imp. From U.S.	2069	0	0	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	321088	320582	320964	311686	312794	314120	334988	337258	344442	(1000 MT)
MY Exports	18566	18532	18562	16829	16846	16823	24700	23405	29505	(1000 MT)
TY Exports	19368	18532	18562	16453	16846	16823	24200	23405	29505	(1000 MT)
Feed	170407	167808	167828	167998	168248	168230	172725	173550	173750	(1000 MT)
FSI Consumption	102802	103601	103286	103110	102662	101830	106520	106100	105200	(1000 MT)
TOTAL consumption	273209	271409	271114	271108	270910	270060	279245	279650	278950	(1000 MT)
Ending Stocks	29313	30641	31288	23749	25038	27237	31043	34203	35987	(1000 MT)
Total Distribution	321088	320582	320964	311686	312794	314120	334988	337258	344442	(1000 MT)
Yield	4.658609	4.659452	4.661043	4.503831	4.51846	4.521554	5.064505	5.07563	5.156446	(MT/HA)

With some Member States starting to publish first provisional harvest estimates for 2008, the total EU-27 grain crop is now expected to reach 309 MMT this season. This is over 20 per cent up on MY2007/08. Within this total, the EU-27 wheat, barley and corn harvests are estimated at 151 MMT, 65 MMT and 60 MMT, respectively. As has been discussed previously though, the EU-27 grain harvest is of mixed quality. Significant tonnages are forecast to be consumed domestically but questions remain as to the EU-27's import requirement for high quality grain and whether it will find a home, domestic or otherwise, for the surplus supplies, particularly of the feed quality grain. Finally, while reports suggest that the EU-27 has got off to an impressive start with its MY2008/9 export campaign, the momentum will have to be maintained to prevent a significant build up in stocks at year-end.

The latest estimate of the size of this season's EU-27 wheat crop is up again, pushed up nearly 3 per cent or 4 MMT from a month ago. This has further increased the importance of the export number in the EU-27 wheat balance. Production expectations have most notably been exceeded in Poland, the Czech Republic and the UK. Indeed for the latter, recently published UK government data provisionally reports a record 17.5 MMT wheat harvest. While an additional 10 MMT of wheat is expected to be fed to animals in the EU-27 this season as compared to last, it is exports where the most significant increase is currently forecast, a doubling year-on-year to 24 MMT. Improved exchange rates from the standpoint of the EU-27 in recent weeks, lower prices and a high level of export licenses granted thus far this season have seen EU-27 wheat exports start at a strong pace. They are reported to be competing well against third country supplies, particularly those of Black Sea origin to North African and Middle Eastern destinations. Of course, it remains to be seen whether this pace can be maintained and, if not, the current forecast of a 3.5 MMT increase in end-stocks to 17.5 MMT may have to be revised upwards.

The EU-27 barley harvest is revised upwards a further 1 MMT this month to 65 MMT following improved expectations in a number of Member States, most notably Denmark. Within this total, the EU-27 malting barley crop is reported higher due to good quality crops in some New Member States, particularly the Czech Republic and Slovakia, and increased spring barley yields in France and Germany. As with wheat, EU-27 feed barley faces stiff competition on export markets from Black Sea origins this season but has seen recent support from the decline in the value of the Euro on international exchange markets. Early season demand from Saudi Arabia has been reported by a number of Member States,

including France. Bulgaria has also reported business with Syria. That said, an increase in carry-out stocks at the end of the season remains a distinct likelihood.

The corn crop for the EU-27 is now forecast to reach 60 MMT this season, a 12.5 MMT increase on last year and a further 1 MMT increase on last month. The main impact this season will be a significant decline in imports, currently forecast to reach just 2.5 MMT.

The past month has seen the announcement – long called for by a number of Member States – of the reintroduction of import duties by the EU Commission. However, parallel calls by Poland for the raising of the cereals intervention prices and from Hungary for the reintroduction of export refunds for corn have thus far been resisted by the EU Commission.

On a final note, while the story for this season is one of finding homes, domestic or otherwise, for the ample but reduced quality grain supplies, some attention is now inevitably turning to the likely planted area for the 2009 harvest. While many Member States have reported excellent planting conditions, questions remain as to the influence of other factors. These range from the influence of the current financial climate on farmer access to credit, to the cost - albeit somewhat reduced in recent weeks - of fertilizer.

Appendices

Wheat PSD

Country:	EU 27										
Commodity:	Wheat										
		2006/07			2007/08			2008/09			UOM
	USDA Official	Post Estimate Old	Post Estimate New	USDA Official	Post Estimate Old	Post Estimate New	USDA Official	Post Estimate Old	Post Estimate New		
Marketing Year Begins		07/2006			07/2007			07/2008			MM/YYYY
Area Harvested	24466	24459	24459	24718	24645	24645	26413	26400	26400		(1000 HA)
Beginning Stocks	23391	23391	23391	14025	16048	16300	10280	12200	14000		(1000 MT)
Production	124870	124830	124850	119287	119485	119485	147174	147000	151000		(1000 MT)
MY Imports	5137	5137	5137	6932	6950	6932	5000	5000	5000		(1000 MT)
TY Imports	5137	5137	5137	6932	6950	6932	5000	5000	5000		(1000 MT)
TY Imp. From U.S.	645										(1000 MT)
TOTAL SUPPLY	153398	153358	153378	140244	142483	142717	162454	164200	170000		(1000 MT)
MY Exports	13873	13873	13873	12228	12250	12228	18000	18000	24000		(1000 MT)
TY Exports	13873	13873	13873	12228	12250	12228	18000	18000	24000		(1000 MT)
Feed	60200	57792	57605	52436	52251	51489	64000	62000	62000		(1000 MT)
Food, Seed & Industrial (FSI)	65300	65645	65600	65300	65782	65000	67500	67500	66500		(1000 MT)
TOTAL consumption	125500	123437	123205	117736	118033	116489	131500	129500	128500		(1000 MT)
Ending Stocks	14025	16048	16300	10280	12200	14000	12954	16700	17500		(1000 MT)
TOTAL DISTRIBUTION	153398	153358	153378	140244	142483	142717	162454	164200	170000		(1000 MT)
Yield	5.103818	5.103643	5.104461	4.825916	4.848245	4.848245	5.572029	5.568182	5.719697		(MT/HA)

Barley PSD

Country:	EU 27										
Commodity:	Barley										
		2006/07			2007/08			2008/09			UOM
	USDA Official	Post Estimate Old	Post Estimate New	USDA Official	Post Estimate Old	Post Estimate New	USDA Official	Post Estimate Old	Post Estimate New		
Marketing Year Begins		07/2006			07/2007			07/2008			(MM/YEAR)
Area Harvested	13,833	13,784	13,784	13,828	13,793	13,793	14,560	14,500	14,650		(1000 HA)
Beginning Stocks	8,535	8,535	8,535	5,642	5,414	5,700	5,206	5,100	5,800		(1000 MT)
Production	56,214	56,110	56,110	57,782	57,933	57,933	64,399	64,000	65,000		(1000 MT)
MY Imports	245	245	245	339	339	339	200	150	150		(1000 MT)
TY Imports	167	245	245	500	339	339	200	150	150		(1000 MT)
TY Imp. From U.S.											(1000 MT)
TOTAL SUPPLY	64,994	64,890	64,890	63,763	63,686	63,972	69,805	69,250	70,950		(1000 MT)
MY Exports	3,501	3,476	3,501	3,857	3,857	3,857	4,500	4,500	4,500		(1000 MT)
TY Exports	4389	3,476	3,501	3500	3,857	3,857	4000	4,500	4,500		(1000 MT)
Feed	40,000	39,000	38,689	38,200	38,229	37,815	39,000	40,000	40,000		(1000 MT)
Food, Seed & Industrial (FSI)	15,851	17,000	17,000	16,500	16,500	16,500	16,500	17,000	17,000		(1000 MT)
TOTAL consumption	55,851	56,000	55,689	54,700	54,729	54,315	55,500	57,000	57,000		(1000 MT)
Ending Stocks	5,642	5,414	5,700	5,206	5,100	5,800	9,805	7,750	9,450		(1000 MT)
TOTAL DISTRIBUTION	64,994	64,890	64,890	63,763	63,686	63,972	69,805	69,250	70,950		(1000 MT)
Yield	4.063761	4.070662	4.070662	4.178623	4.200174	4.200174	4.423008	4.413793	4.436866		(MT/HA)

Corn PSD

Country:	EU 27									
Commodity:	Corn									
		2006/07			2007/08			2008/09		UOM
	USDA Official	Post Estimate Old	Post Estimate New	USDA Official	Post Estimate Old	Post Estimate New	USDA Official	Post Estimate Old	Post Estimate New	
Marketing Year Begins		07/2006			07/2007			07/2008		(MM/YEAR)
Area Harvested	8492	8489	8492	8391	8329	8396	8783	8700	8800	(1000 HA)
Beginning Stocks	9461	9461	9461	7382	7435	7382	5748	5540	4882	(1000 MT)
Production	53829	53829	53829	47366	47105	47500	59150	59000	60000	(1000 MT)
MY Imports	7056	7056	7056	13500	13500	13500	2500	4000	2500	(1000 MT)
TY Imports	7056	7056	7056	13500	13500	13500	2500	4000	2500	(1000 MT)
TY Imp. From U.S.	45									(1000 MT)
TOTAL SUPPLY	70346	70346	70346	68248	68040	68382	67398	68540	67382	(1000 MT)
MY Exports	664	664	664	500	500	500	1500	500	500	(1000 MT)
TY Exports	664	664	664	500	500	500	1500	500	500	(1000 MT)
Feed	48700	48682	49200	49000	49000	50000	47000	47000	47000	(1000 MT)
Food, Seed & Industrial (FSI)	13600	13565	13100	13000	13000	13000	14000	14000	14000	(1000 MT)
TOTAL consumption	62300	62247	62300	62000	62000	63000	61000	61000	61000	(1000 MT)
Ending Stocks	7382	7435	7382	5748	5540	4882	4898	7040	5882	(1000 MT)
TOTAL DISTRIBUTION	70346	70346	70346	68248	68040	68382	67398	68540	67382	(1000 MT)
Yield	6.338789	6.34103	6.338789	5.644858	5.655541	5.657456	6.734601	6.781609	6.818182	(MT/HA)

Rye PSD

Country:	EU 27									
Commodity:	Rye									
		2006/07			2007/08			2008/09		UOM
	USDA Official	Post Estimate Old	Post Estimate New	USDA Official	Post Estimate Old	Post Estimate New	USDA Official	Post Estimate Old	Post Estimate New	
Marketing Year Begins		07/2006			07/2007			07/2008		MM/YYYY
Area Harvested	2335	2335	2335	2576	2579	2579	2749	2750	2750	(1000 MT)
Beginning Stocks	1874	1874	1874	775	775	575	550	500	425	(1000 MT)
Production	6541	6541	6541	7625	7625	7625	8821	8800	9100	(1000 MT)
MY Imports	25	25	25	100	98	100	50	50	50	(1000 MT)
TY Imports	36	25	25	100	98	100	50	50	50	(1000 MT)
TY Imp. From U.S.										(1000 MT)
TOTAL SUPPLY	8440	8440	8440	8500	8498	8300	9421	9350	9575	(1000 MT)
MY Exports	424	419	424	75	76	75	300	250	350	(1000 MT)
TY Exports	313	419	424	65	76	75	300	250	350	(1000 MT)
Feed	2125	2700	2700	2550	3422	3300	2275	3500	3700	(1000 MT)
Food, Seed & Industrial (FSI)	5116	4546	4741	5325	4500	4500	5600	4700	4700	(1000 MT)
TOTAL consumption	7241	7246	7441	7875	7922	7800	7875	8200	8400	(1000 MT)
Ending Stocks	775	775	575	550	500	425	1246	900	825	(1000 MT)
TOTAL DISTRIBUTION	8440	8440	8440	8500	8498	8300	9421	9350	9575	(1000 MT)
Yield	2.801285	2.801285	2.801285	2.960016	2.956572	2.956572	3.208803	3.2	3.309091	(MT/HA)

Sorghum PSD

Country:	EU 27									
Commodity:	Sorghum									
		2006/07			2007/08			2008/09		UOM
	USDA Official	Post Estimate Old	Post Estimate New	USDA Official	Post Estimate Old	Post Estimate New	USDA Official	Post Estimate Old	Post Estimate New	
Marketing Year Begins		07/2006			07/2007			07/2008		MM/YYYY
Area Harvested	104	104	104	94	96	96	102	100	100	(1000 HA)
Beginning Stocks	90	90	90	178	20	20	326	300	300	(1000 MT)
Production	560	560	560	528	548	548	538	500	500	(1000 MT)
MY Imports	653	653	653	5812	5812	5812	500	1000	500	(1000 MT)
TY Imports	1474	653	653	5100	5812	5812	500	1000	500	(1000 MT)
TY Imp. From U.S.	1379									(1000 MT)
TOTAL SUPPLY	1303	1303	1303	6518	6380	6380	1364	1800	1300	(1000 MT)
MY Exports	5	1	1	10	4	4	0	5	5	(1000 MT)
TY Exports	5	1	1	10	4	4		5	5	(1000 MT)
Feed	950	1202	1202	6012	5976	5976	1100	1595	1100	(1000 MT)
Food, Seed & Industrial (FSI)	170	80	80	170	100	100	170	100	100	(1000 MT)
TOTAL consumption	1120	1282	1282	6182	6076	6076	1270	1695	1200	(1000 MT)
Ending Stocks	178	20	20	326	300	300	94	100	95	(1000 MT)
TOTAL DISTRIBUTION	1303	1303	1303	6518	6380	6380	1364	1800	1300	(1000 MT)
Yield	5.384615	5.384615	5.384615	5.617021	5.708333	5.708333	5.27451	5	5	(MT/HA)

Oats PSD

Country:	EU 27									
Commodity:	Oats									
		2006/07			2007/08			2008/09		UOM
	USDA Official	Post Estimate Old	Post Estimate New	USDA Official	Post Estimate Old	Post Estimate New	USDA Official	Post Estimate Old	Post Estimate New	
Marketing Year Begins		07/2006			07/2007			07/2008		MM/YYYY
Area Harvested	2923	2906	2923	3015	2992	2992	3043	3050	3050	(1000 HA)
Beginning Stocks	772	772	772	804	674	804	916	650	807	(1000 MT)
Production	7768	7643	7768	8874	8730	8830	8838	8700	8900	(1000 MT)
MY Imports	10	5	10	12	5	12	5	5	5	(1000 MT)
TY Imports	5	5	10	5	5	12	5	5	5	(1000 MT)
TY Imp. From U.S.										(1000 MT)
TOTAL SUPPLY	8550	8420	8550	9690	9409	9646	9759	9355	9712	(1000 MT)
MY Exports	99	99	99	159	159	159	400	150	150	(1000 MT)
TY Exports	124	99	99	150	159	159	400	150	150	(1000 MT)
Feed	5782	5782	5782	6700	6720	6800	6550	6655	6850	(1000 MT)
Food, Seed & Industrial (FSI)	1865	1865	1865	1915	1880	1880	1850	1900	1900	(1000 MT)
TOTAL consumption	7647	7647	7647	8615	8600	8680	8400	8555	8750	(1000 MT)
Ending Stocks	804	674	804	916	650	807	959	650	812	(1000 MT)
TOTAL DISTRIBUTION	8550	8420	8550	9690	9409	9646	9759	9355	9712	(1000 MT)
Yield	2.657544	2.630076	2.657544	2.943284	2.917781	2.951203	2.904371	2.852459	2.918033	(MT/HA)

Mixed Grain PSD

Country:	EU 27									
Commodity:	Mixed grain									
	2006/07			2007/08			2008/09			UOM
	USDA Official	Post Estimate Old	Post Estimate New	USDA Official	Post Estimate Old	Post Estimate New	USDA Official	Post Estimate Old	Post Estimate New	
Marketing Year Begins		07/2006			07/2007			07/2008		MM/YYYY
Area Harvested	4,152	4,106	4,152	4,147	4,095	4,147	4,175	4,000	4,175	(1000 HA)
Beginning Stocks	1,536	1,536	1,536	507	275	507	723	748	1023	(1000 MT)
Production	12,521	12,269	12,521	14,216	13,998	14,216	14,064	14,000	14,500	(1000 MT)
MY Imports	0	20	0	0	25	0	0	15	0	(1000 MT)
TY Imports	0	20	0	0	25	0	0	15	0	(1000 MT)
TY Imp. From U.S.										(1000 MT)
TOTAL SUPPLY	14,057	13,825	14,057	14,723	14,298	14,723	14,787	14,763	15,523	(1000 MT)
MY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
TY Exports		0	0		0	0		0	0	(1000 MT)
Feed	12,650	12,650	12,650	13,100	12,650	12,850	12,800	12,800	13,100	(1000 MT)
Food, Seed & Industrial (FSI)	900	900	900	900	900	850	900	900	1000	(1000 MT)
TOTAL consumption	13,550	13,550	13,550	14,000	13,550	13,700	13,700	13,700	14,100	(1000 MT)
Ending Stocks	507	275	507	723	748	1023	1087	1063	1423	(1000 MT)
TOTAL DISTRIBUTION	14,057	13,825	14,057	14,723	14,298	14,723	14,787	14,763	15,523	(1000 MT)
Yield	3.015655	2.988066	3.015655	3.42802	3.418315	3.42802	3.368623	3.5	3.473054	(MT/HA)

Related Reports

Report Number	Title	Date Released
E48110	Large EU feed crop seeks a home	10/03/2008
EZ8003	Czech Republic – Crop Update	09/25/2008
GM8888	German Grain Prices Falling Due to Large Harvest	09/17/2008
E48098	Delays to EU-27 harvest put focus on quality	09/03/2008
E48089	Crop update – more grain less quality	08/06/2008
BU8010	Market Update	07/29/2008
E48072	Crop update – things are looking up	07/08/2008
E48065	EU-27 Continued suspension of grain import duties until 30 June, 2009	06/24/2008
BU8023	Bulgaria Grain and Feed Market Update	06/18/2008
GM8023	Germany Grain Prices and Crop Outlook	05/23/2008
E48050	EU-27 Grain and Feed Annual 2008	05/06/2008
These reports are available on the FAS website at : http://www.fas.usda.gov/scripts/AttacheRep/default.asp		