Supply & Demand

21 May 2015

Key points

- The forecasts suggest a significant increase in carry-out stocks of wheat
- The barley surplus is slightly higher as a result of lower forecast consumption and increased imports
- Higher demand is not enough to offset forecast increased maize imports
- End-season stocks are expected to be lower for oats, mainly as a result of higher estimated exports

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Introduction

1. This release covers the fourth official estimates made by Defra of UK cereal supply and demand for 2014/15 (Appendix I). The final balance sheet for 2014/15 will be released in September.

Revisions

2. **The review of opening stocks in the balance sheet by Defra is still underway.** For wheat the opening stocks estimate of 1.96Mt is higher than Defra's June 2014 stocks and usage surveys estimate of 1.53Mt. For maize the opening stocks estimate of 0.48Mt is higher than the surveys' estimate of 0.24Mt. Thus, ranges for opening stocks, total availability and the balance of availability and domestic consumption for wheat and maize are presented. A new method is being developed for the 2015/16 crop year that should put greater reliance on the June stocks survey. Defra's Cereal Stocks Survey which provides a direct estimate of the opening stocks was reviewed and improved in 2013. In the interim we recommend using a range for the opening stocks of wheat and maize, ranging from the stocks survey estimates to the balance sheet estimates.

New evidence since last forecast

3. Usage survey data for February and March shows greater demand for animal feed than expected and forecasts have been increased. Total cereal usage in animal feed is increased to 11.44Mt and is now forecast at 1% higher than 2013/14. Demand has been higher than expected for cattle, pigs, sheep and the "other" animal category. Although usage for the year to date has been strong, it is anticipated that less feed is likely to be required for the remainder of this season, due to relatively mild spring weather and good forage quality for grass-fed animals.

Maize imports have continued at a high level and exports of wheat during February and March were the highest seen so far this season.

The Defra stocks survey showed a year-on-year increase of 49% in wheat stocks (to 6.4Mt) held on-farm in England and Wales and by UK ports, merchants and co-ops at the end of February.

Wheat

4. **Wheat imports are increased by 0.05Mt, from March's forecast**, to 1.47Mt in light of the latest trade data from HMRC. Cumulative wheat imports until end-March were 1.27Mt. Compared with 2013/14, this year's imports are forecast 33% lower. Due to the upward revision in imports, **total wheat availability** is now estimated at 19.63-20.03Mt.

5. **Human and Industrial (H&I) usage of wheat is revised lower, to 7.75Mt, compared with 7.80Mt in March.** The main driver behind this amendment is a reduction in total wheat usage by brewers, maltsters and distillers (BMD). For the current season (until March), wheat usage by the BMD sector was 7% lower year-on-year. Millers and biofuels wheat usage remains at a similar level to that forecast in March.

6. **Wheat consumption in animal feed is estimated at 6.68Mt, 8% higher year-on-year**. The latest Defra cereal usage data shows that wheat has maintained its share in animal feed demand.

7. With higher forecast imports and higher animal feed demand, the **UK wheat balance for 2014/15 is estimated at 4.83-5.23Mt**, which is lower than the March estimate. Wheat exports for the season until end-March totalled 1.58Mt (HMRC) and full season exports are estimated at 2.17Mt. After taking into account the operating stock of 1.50Mt, this leaves 1.57Mt of forecast free stock which could be either exported or carried forward.

Barley

8. **At 8.39Mt barley availability is little changed from March's forecast.** By end-March, cumulative barley imports reached 0.08Mt (HMRC).

9. **H&I usage of barley has been reduced by 0.03Mt, compared with March's estimates, to 1.98Mt**, due to lower than previously expected usage in February and March by brewers, maltsters and distillers (BMD)**.** The latest demand data revealed that barley consumption by BMD for July-March was only 1% higher than in 2013/14. This is expected to be maintained until end-June.

10. **At 3.37Mt, barley demand in animal feed is 0.02Mt lower than that estimated in March.** Year-on-year, total barley usage in animal feed production is forecast 4% lower. According to Defra cereal usage data, the amount of barley used in GB compound feed (July-March), was 6% lower year-on-year.

11. **With higher imports and lower consumption, the balance between supply and demand for barley is 0.06Mt higher than March's estimate, at 2.84Mt, 12% higher year-on-year.** Cumulative barley exports were 1.16Mt at end-March. Total season exports are forecast at 1.46Mt, so closing stocks are estimated at 1.38Mt. Taking this volume of exports and the operating stock requirement of 0.75Mt into account, 0.63Mt of free stock is available to either export or carry over in to 2015/16.

Maize

12. **Maize imports to end-March were up, leading to an upward revision to 1.73Mt,** 0.26Mt higher than that estimated in March. By end-March, cumulative maize imports totalled 1.46Mt. Total availability is therefore increased to 1.95-2.20Mt.

13. **Compared with the March estimate, H&I usage of maize has been slightly increased by 0.01Mt to 0.58Mt.**

14. **For animal feed, maize usage has also been increased compared with earlier estimates, to 1.10Mt.** The higher consumption of maize in animal feed is mainly due to greater demand by N. Ireland compounders. For GB compound feed production, however, the proportion of maize, relative to other grains is expected to decline throughout the rest of this season.

15. The increase in maize consumption does not outweigh higher total availability and so the **balance of availability for maize has been increased to 0.26-0.51Mt.**

Oats

16. **Oats availability remains unchanged with March's estimates, at 1.02Mt.** At end-March, oats imports reached 0.02Mt (HMRC).

17. **H&I demand for oats has been reduced to 0.49Mt, compared with March's estimates.** The latest quarterly oat millers' usage data revealed a 6% year on year reduction in the volume of oats milled between July and March. Animal feed usage of oats has been increased marginally (6Kt) on March's estimate, to 0.29Mt.

18. **The oats balance is now 12Kt higher than that estimated in March, at 0.21Mt.** By end-March, 0.07Mt of oats had been exported, so full season exports are anticipated to be 0.09Mt. This leaves an estimated 0.13Mt of oats to be carried over as free stock into 2015/16.

Additional Data

19. Appendix II shows cumulative usage and trade data to end-March. This release and related information can be found at www.hgca.com/markets. Monthly cereal usage data can be found on the DEFRA website at www.defra.gov.uk/statistics/foodfarm/latest-statistical-releases.

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Appendix I

DEFRA ANNUAL UK CEREAL SUPPLY AND DEMAND ESTIMATES (a)

Estimates made in May

000 tonnes

Defra is reviewing how it uses survey estimates to achieve consistent cereals balance sheet estimates. **Currently Defra estimates 2014/15 opening wheat and maize stocks as approximately 380-400Kt and 230-250Kt, respectively, above the results of the stocks survey published in August 2014. These opening stocks figures are under review and could impact the estimates for wheat and maize availability in 2014/15 and the figures highlighted in red in the table below.** Stocks survey estimates are published by Defra at https://www.gov.uk/government/statistics/cereal-stocks. Cereals balance sheets are published by the AHDB/HGCA on behalf of Defra at www.hgca.com/markets/supply-and-demand.aspx.

(JULY - JUNE YEARS)

Links connect to relevant Defra/AHDB/HGCA data pages

		WHEAT							BARLEY						
		2009/10 2013/14 average	**2012/13 estimate**	**2013/14 estimate**	**2014/15 Mar-15**	**2014/15 May-15**	**Absolute change Mar-15**	**% change on 13/14**	**2009/10 2013/14 average**	**2012/13 estimate**	**2013/14 estimate**	**2014/15 Mar-15**	**2014/15 May-15**	**Absolute change Mar-15**	**% change on 13/14**
(1)	Opening Stocks	2,000	1,495	2,186	1,959	1,959	0	-10%	1,122	940	997	1,379	1,379	0	38%
(2)	Production	13,879	13,261	11,921	16,606	16,606	0	39%	6,006	5,522	7,092	6,911	6,911	0	-3%
(3)	Imports	1,663	2,956	2,209	1,417	1,469	52	-33%	140	235	100	85	95	10	-5%
(4)	**Total Availability**	**17,542**	**17,712**	**16,316**	**19,982**	**20,034**	**52**	**23%**	**7,268**	**6,697**	**8,189**	**8,375**	**8,385**	**10**	**2%**
(5)	Human and Industrial Consumption	7,172	7,572	7,393	7,798	7,753	-45	5%	1,795	1,844	1,960	2,006	1,979	-27	1%
(5a)	(of which home grown)	5,990	5,723	5,859	6,552	6,535	-17	12%	n/a	n/a	n/a	n/a	n/a	*	*
(6)	Usage as Animal Feed (b)	6,406	6,847	6,183	6,443	6,675	232	8%	3,294	3,263	3,495	3,393	3,370	-23	-4%
(6a)	(of which home grown)	5,965	6,064	5,452	6,223	6,375	152	17%	n/a	n/a	n/a	n/a	n/a	*	*
(6b)	(of which Compounders)	3,427	3,592	3,353	3,529	3,592	63	7%	984	1,020	1,169	1,065	1,071	6	-8%
(6c)	(of which Integrated Poultry Units)	1,529	1,505	1,381	1,417	1,418	1	3%	75	70	86	50	48	-2	-44%
(7)	Seed	296	304	290	290	290	0	0%	162	182	162	162	162	0	0%
(8)	Other	69	66	60	83	83	0	38%	30	28	35	35	35	0	0%
(9)	**Total Domestic Consumption**	**13,942**	**14,789**	**13,926**	**14,614**	**14,801**	**187**	**6%**	**5,281**	**5,317**	**5,652**	**5,596**	**5,546**	**-50**	**-2%**
(10)	**Balance (4) - (9)**	**3,600**	**2,923**	**2,390**	**5,368**	**5,233**	**-135**	**119%**	**1,987**	**1,380**	**2,537**	**2,779**	**2,839**	**60**	**12%**
(11)	Exports (c)	1,759	737	431	-	2,165	*	402%	830	384	1,158	-	1,460	*	26%
(12)	Intervention Stocks (c)	-	-	-	-	-	*	*	31	-	-	-	-	*	*
(13)	**Commercial End-Season Stocks (c)**	**1,841**	**2,186**	**1,959**	**-**	**3,068**	*****	**57%**	**1,157**	**997**	**1,379**	**-**	**1,379**	*****	**0%**
(14)	(of which Estimated Operating stock requirement) (d)	1,401	1,450	1,450	1,500	1,500	0	3%	707	713	713	750	750	0	5%
(15)	(of which free stock) (e)	440	736	509	-	1,568	*	208%	419	284	666	-	629	*	-5%
(16)	Surplus available for either export or free stock (10)-(12)-(14)	2,199	1,473	940	3,868	3,733	-135	297%	1,249	667	1,824	2,029	2,089	60	15%

		MAIZE							OATS						
		2009/10 2013/14 average	**2012/13 estimate**	**2013/14 estimate**	**2014/15 Mar-15**	**2014/15 May-15**	**Absolute change Mar-15**	**% change on 13/14**	**2009/10 2013/14 average**	**2012/13 estimate**	**2013/14 estimate**	**2014/15 Mar-15**	**2014/15 May-15**	**Absolute change Mar-15**	**% change on 13/14**
(1)	Opening Stocks	128	149	216	477	477	0	121%	79	63	69	166	166	0	139%
(2)	Production	-	-	-	-	-	*	*	727	627	964	820	820	0	-15%
(3)	Imports	1,403	1,693	2,394	1,464	1,725	261	-28%	49	109	46	30	30	0	-35%
(4)	**Total Availability**	**1,531**	**1,842**	**2,610**	**1,941**	**2,202**	**261**	**-16%**	**855**	**799**	**1,079**	**1,016**	**1,016**	**0**	**-6%**
(5)	Human and Industrial Consumption	479	522	664	572	582	10	-12%	472	491	508	508	490	-18	-4%
(5a)	(of which home grown)	-	-	-	-	-	*	*	425	375	465	475	460	-15	-1%
(6)	Usage as Animal Feed	776	1,036	1,262	1,067	1,103	36	-13%	235	198	345	287	293	6	-15%
(6a)	(of which home grown)	-	-	-	-	-	*	*	235	198	345	287	293	6	-15%
(7)	Seed	-	-	-	-	-	*	*	19	25	19	19	19	0	0%
(8)	Other (f)	4	4	4	4	4	0	0%	4	3	5	4	4	0	-20%
(9)	**Total Domestic Consumption**	**1,259**	**1,562**	**1,930**	**1,643**	**1,689**	**46**	**-12%**	**729**	**717**	**877**	**818**	**806**	**-12**	**-8%**
(10)	**Balance (4) - (9)**	**272**	**280**	**680**	**298**	**513**	**215**	**-25%**	**125**	**82**	**202**	**198**	**210**	**12**	**4%**
(11)	Exportable surplus	69	64	203	75	90	15	-56%	34	13	36	60	85	25	136%
(12)	**Commercial End-Season Stocks**	**203**	**216**	**477**	**223**	**423**	**200**	**-11%**	**91**	**69**	**166**	**138**	**125**	**-13**	**-25%**

(a) These are revised during the year. Figures rounded to the nearest 1000 tonnes
(b) Animal feed usage has been split by sector. Note, other users are only included in the total.
(c) Split of exports, intervention and total commercial end-season stocks only published for historical seasons
(d) 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
(e) Free stock is the stock available after both exports and estimated operating stock requirements have been fulfilled
(f) 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
** Percentage change not meaningful*

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		OTHER CEREALS *(g)*						
		2009/10 2013/14 average	**2012/13 estimate**	**2013/14 estimate**	**2014/15 Mar-15**	**2014/15 May-15**	**Absolute change Mar-15**	**% change on 13/14**
(1)	Opening Stocks	5	5	5	5	5	0	0%
(2)	Production	119	105	107	131	131	0	22%
(3)	Imports	2	7	3	3	3	0	0%
(4)	**Total Availability**	**126**	**117**	**115**	**139**	**139**	**0**	**21%**
(5+6)	H&I and Animal Feed	117	109	107	131	131	0	22%
(5a+6a)	(of which home grown)	114	102	104	128	128	0	23%
(7)	Seed	3	3	3	3	3	0	0%
(8)	Other	-	-	-	-	-	*	*
(9)	**Total Domestic Consumption**	**120**	**112**	**110**	**134**	**134**	**0**	**22%**
(10)	**Balance (4) - (9)**	**6**	**5**	**5**	**5**	**5**	**0**	**0%**
(11)	Exportable surplus	1	0	0	0	0	0	0%
(12)	Intervention Stocks	0	0	0	0	0	0	0%
(13)	**Commercial End-Season Stocks**	**5**	**5**	**5**	**5**	**5**	**0**	**0%**

		TOTAL CEREALS						
		2009/10 2013/14 average	**2012/13 estimate**	**2013/14 estimate**	**2014/15 Mar-15**	**2014/15 May-15**	**Absolute change Mar-15**	**% change on 13/14**
(1)	Opening Stocks	3,334	2,652	3,473	3,986	3,986	0	15%
(2)	Production	20,730	19,515	20,084	24,468	24,468	0	22%
(3)	Imports	3,258	5,000	4,752	2,999	3,322	323	-30%
(4)	**Total Availability**	**27,322**	**27,167**	**28,309**	**31,453**	**31,776**	**323**	**12%**
(5)	H&I (wheat, barley, maize, oats) (g)	9,916	10,429	10,525	10,884	10,804	-80	3%
(6)	Animal Feed (wheat, barley, maize oats) (g)	10,712	11,344	11,285	11,190	11,441	251	1%
(5a +6a)	Other cereals (H&I and Animal Feed)	117	109	107	131	131	0	22%
(7)	Seed	480	514	474	474	474	0	0%
(8)	Other	107	101	104	126	126	0	21%
(9)	**Total Domestic Consumption**	**21,332**	**22,497**	**22,495**	**22,805**	**22,976**	**171**	**2%**
(10)	**Balance (4) - (9)**	**5,990**	**4,670**	**5,814**	**8,648**	**8,800**	**152**	**51%**
(11)	Exports	2,694	1,198	1,828	-	3,800	*	*
(12)	Intervention Stocks	31	-	-	-	-	*	*
(13)	**Commercial End-Season Stocks**	**3,297**	**3,473**	**3,986**	**-**	**5,000**	*	**25%**
(14)	Estimated Operating stock requirement (wheat & barley only)	2,108	2,163	2,163	2,250	2,250	0	4%
(15)	Free stock for wheat and barley	859	1,020	1,175	-	2,197	*	*
(16)	Surplus available for either export or free stock (all)	3,852	2,507	3,651	6,398	6,550	152	79%

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

Source: DEFRA

APPENDIX II

CUMULATIVE MONTHLY STATISTICS
Usage of Cereals by Processors, Grain Fed on Farm, External Trade and Stocks

Situation as at end of March 2015 **Thousand tonnes**

	2009/10 to 2013/14 Average	2008/09 39 weeks	2009/10 40 weeks	2010/11 39 weeks	2011/12 39 weeks	2012/13 39 weeks	2013/14 39 weeks	2014/15 39 weeks	% Change 2014/15 on 2013/14	Actual Change 2014/15 on 2013/14
WHEAT										
(1) Usage Human and -Flour Millers *-imported*	*852*	*872*	*820*	*590*	*520*	*1183*	*1149*	*915*	*-20%*	*-233*
(2) Industrial *-home-grown*	*3886*	*3682*	*3735*	*4316*	*3929*	*3807*	*3642*	*4252*	*17%*	*611*
(3) Processors -Total	*4738*	*4553*	*4555*	*4906*	*4449*	*4990*	*4790*	*5167*	*8%*	*377*
(4) -Distillers	*494*	*451*	*397*	*381*	*471*	*602*	*619*	*578*	*-7%*	*-41*
(5) -Others	*124*	*117*	*120*	*121*	*118*	*123*	*136*	*131*	*-4%*	*-5*
(6) Animal Feed Processors (a)	*2200*	*2162*	*2093*	*2097*	*2302*	*2314*	*2192*	*2324*	*6%*	*132*
(7) Poultry Integrated Units	*1150*	*1119*	*1155*	*1207*	*1196*	*1150*	*1045*	*1055*	*1%*	*11*
(8) Imports From July (b)	*1239*	*931*	*920*	*808*	*665*	*2121*	*1681*	*1271*	*-24%*	*-410*
(9) Exports From July (b)	*1451*	*2845*	*1734*	*2354*	*2230*	*582*	*353*	*1580*	*347%*	*1227*
(14) Intervention -Actual	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*	*0*
(15) -Projected	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*	*0*
BARLEY										
(1) Usage Maltsters/Distillers *-imported*	-	-	-	-	-	-	-	-	-	-
(2) *-home-grown*	-	-	-	-	-	-	-	-	-	-
(3) -Total	*1313*	*1331*	*1172*	*1264*	*1353*	*1361*	*1414*	*1428*	*1%*	*14*
(4) Animal Feed Processors (a)	*649*	*527*	*641*	*651*	*499*	*669*	*786*	*740*	*-6%*	*-46*
(5) Poultry Integrated Units	*57*	*64*	*72*	*50*	*46*	*54*	*63*	*38*	*-40%*	*-25*
(6) Imports From July (b)	*106*	*91*	*70*	*100*	*119*	*172*	*71*	*80*	*12%*	*9*
(7) Exports From July (b)	*717*	*663*	*818*	*664*	*719*	*351*	*1033*	*1157*	*12%*	*125*
(11) Intervention -Actual	*31*	*0*	*0*	*151*	*5*	*0*	*0*	*0*	*	*0*
(12) -Projected	*31*	*0*	*0*	*151*	*5*	*0*	*0*	*0*	*	*0*
MAIZE										
(1) Usage Human and Industrial	*232*	*238*	*226*	*227*	*213*	*221*	*275*	*304*	*11%*	*29*
(2) Animal Feed Processors (a)	*134*	*95*	*86*	*81*	*81*	*164*	*260*	*214*	*-18%*	*-46*
(3) Imports From July (b)	*1090*	*721*	*678*	*843*	*734*	*1277*	*1920*	*1459*	*-24%*	*-461*
(4) Exports From July (b)	*58*	*10*	*9*	*28*	*26*	*37*	*192*	*68*	*-65%*	*-125*
OATS										
(1) Usage Human and Industrial Processors	*353*	*317*	*317*	*343*	*358*	*364*	*384*	*362*	*-6%*	*-22*
(2) Animal Feed Processors (a)	*66*	*47*	*63*	*73*	*46*	*58*	*89*	*73*	*-18%*	*-16*
(3) Exports From July (b)	*26*	*77*	*27*	*47*	*14*	*9*	*32*	*70*	*119%*	*38*

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.
Note: This Appendix reflects the position as at 15 May 2015. 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