

Supply & Demand

25 May 2016



Key points

- Wheat balances could be reduced further by the end of the season if a strong export campaign is maintained and wheat feed inclusion increases in the last quarter
- Barley exports expected to hit 19-year high, with ending stocks down by a third year-on-year
- Total demand for maize has reduced, with imports 254Kt lower than last season.
- Oat balance remains 16% lower than 2014/15, driven by record human and industrial demand

Introduction

1. This release covers the third official estimates made by Defra of UK cereal supply and demand for the 2015/16 season ending in June (Appendix I). Comparisons are made in this note with 2014/15 and the [second estimates for 2015/16](#) (published on 24 February 2016). The final balance sheet for 2015/16 supply and demand will be released in September 2016.

2. **Total UK animal feed production (GB & NI compounders and Integrated Poultry Units, IPU) for the first three quarters of this season recorded a decline of 1.4% compared to the same period in 2014/15, at 11.682Mt.** Increases in production for the pig, poultry and 'other' sectors were outweighed by declines in the cattle and sheep sectors. **The volume of cereals included in UK animal feed was down by 1.2% compared with Jul-Mar 2014/15.** The usage of other ingredients such as soyameal and field beans in GB compound feed has increased at the same time, counteracting further increases to cereals usage. Nevertheless, the later than normal spring and current market conditions are expected to encourage more mixed producers to feed cereals on farm this season. Therefore, demand for total cereals in UK animal feed production is forecast at 11.855Mt, 152Kt more than February's estimate and slightly higher than in 2014/15.

Wheat

3. **Wheat imports, forecast at 1.450Mt, are 196Kt higher than February's estimate**, in light of the latest trade data from HMRC. Cumulative (Jul-Mar) wheat imports totalled 1.246Mt (please note this figure is under review), 2% behind the same point last season (2014/15). Compared with 2014/15, full season imports are forecast 12% lower. **Total wheat availability is now estimated at 20.320Mt**, an increase of 196Kt on February's forecast and 3% up on the year.

4. **Human and Industrial (H&I) usage of wheat is forecast at 7.393Mt, 120Kt higher than February's estimate but 5% down on the year.** Since the February balance sheet update, Defra has

updated its registry for the UK flour millers survey and as such wheat H&I usage has been adjusted upwards to take account of this change. The percentage share of home-grown wheat used for flour milling is expected to remain higher than last season, due to improved quality of this year's crop, at the expense of imported wheat. Wheat demand from the Brewers, Maltsters and Distillers (BMD) sector is forecast to decline in line with usage data for the season to date. In mid-May CropEnergies AG, who own Ensus, announced that the bioethanol plant will reopen this summer after a prolonged period of closure. Given that Ensus has stated the plant will restart "in July at the latest", this is not expected to impact on forecast usage in this season's balance sheets ([read more here](#)).

5. **Wheat demand for animal feed production is forecast at 7.083Mt**, 62Kt up on February's estimate and similar to that in 2014/15. With the price spread between ex-farm feed wheat and feed barley narrowing in many areas since the start of March, more feed wheat is expected to be included in rations during the last quarter of the season (Apr-Jun).

6. **The balance of availability and domestic consumption in 2015/16 is estimated at 5.473Mt**, 9Kt higher than February's forecast and 25% higher year-on-year. Season to date (Jul-Mar) wheat exports totalled 1.987Mt, up 26% on the same period last season. **Full season exports are currently forecast at 2.750Mt, up 42% compared to 2014/15**, although this may be conservative with the current pace of exports. The price carry between old and new crop prices is believed to be incentivising producers and the trade to store crop into next season, storage capacity and cash flow prevailing. **Commercial end of season stocks are forecast at 2.500Mt** (including 1.500Mt operating stocks), 3% higher than last season.

Barley

7. Season to date (Jul-Mar) barley imports totalled 111Kt, an increase of 30% on the year (this figure is still under review). Taking account of the import pace so far, the **full season import forecast**

has been increased by 5Kt from February's forecast, to 125Kt, 1% lower than last season. Due to the increase in barley imports, **total availability is now forecast at 8.952Mt, 6% higher than in 2014/15.**

8. **H&I usage of barley is forecast at 1.818Mt,** 13Kt higher than February's forecast but down 7% on the year. A combination of plant maintenance and a reduction in demand have been contributing factors to the reduction in usage of barley from the BMD sector in 2015/16. As at end-March, cumulative usage of barley by the BMD sector was down by 6% on the year, as reductions in barley used for malting outweighed increases in barley used for brewing and distilling.

9. **Demand for barley in animal feed is estimated at 3.429Mt,** 77Kt higher than February's forecast and 4% up on the year. Since March, the price spread between ex-farm feed barley against feed wheat has discouraged barley use. Therefore, usage of the cereal in GB compound feed production in the final quarter of the season is expected to decline from the relatively high inclusions between July and March.

10. **The barley supply and demand balance is forecast at 3.491Mt,** a reduction of 85Kt compared with February's estimate but an increase of 18% on 2014/15. Barley exports (Jul-Mar) are at the highest level for this point in the season since 1996/97, at 1.553Mt. **Full season exports are forecast at 1.900Mt, 27% higher than 2014/15.** Commercial end season stocks are forecast at 1.009Mt, 31% lower year-on-year, taking account of the strength of the barley export campaign this season.

Maize

11. **2015/16 UK maize imports are forecast at 1.602Mt,** 50Kt higher than February's estimate but 14% lower than in 2014/15. July to March maize imports were 9% lower than the same period last year and the current pace is expected to reduce further towards the end of the season. Therefore, **total availability for this season is estimated at 1.911Mt,** 50Kt up on February's forecast but 10% lower on the year.

12. **H&I demand for maize is expected to decline, compared with February's forecast, by 23Kt to 439Kt, 22% less than 2014/15.** The main driver behind the decrease is reductions in usage by

the BMD sector. In contrast, **usage of maize in animal feed production is forecast to increase by 18Kt from February's estimates to 1.109Mt.** This is driven by a rise in usage from the ruminant sector in GB and Northern Ireland, as well as an expected increase in the amount of maize fed on farm. However, the latest forecast remains lower than 2014/15, by 3%. Maize exports are forecast at 100Kt (87Kt by end-March), an increase of 5Kt from the last forecast and up 9% compared to 2014/15. **Commercial end of season stocks, at 259Kt, are up 50Kt compared with February's forecast** but down by 16% on the year, as the decrease in total availability outweighs the decrease in demand.

Oats

13. **As at the end of March, cumulative oat imports totalled 28Kt,** hence full season imports remain unchanged from February, at 35Kt (+6% year-on-year). Therefore, oat availability remains at 939Kt, down 8% on 2014/15.

14. **At 530Kt, oat usage in H&I consumption is 5Kt up on February's forecasts and 6% up on the year.** From Jul-Mar oat usage by millers was up by 8% on the year at 392Kt, with a similar pace expected to continue for the remainder of the season. Oats used in animal feed production is expected to decrease by 5Kt from February's forecast and by 26% on the year.

15. **Adjustments within the demand profile for oats mean that at 153Kt,** the oat balance remains at the same level as that estimated in February, down 16% compared to 2014/15. Full season exports are expected to reach 65Kt (62Kt as at end-March), 5Kt more than the previous forecast, however, 16% down year-on-year. As a result, commercial end of season stocks are forecast to reduce by 5Kt from February's estimate to 89Kt, down 16% on the year.

Additional data

16. Appendix II shows cumulative usage and trade data to end-March. This release and related information can be found at cereals.ahdb.org.uk/markets. Cereals usage data can be found on the Defra website at: <https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs/about/statistics>

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Appendix I

DEFRA ANNUAL UK CEREAL SUPPLY AND DEMAND ESTIMATES (a)

Estimates made in May

000 tonnes

Defra have now completed a review of 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. The allocation method was applied retrospectively to the wheat and maize balance sheets for 2013/14 and to the wheat balance sheet for 2014/15. 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						
		2010/11 2014/15 average	2013/14 estimate**	2014/15 estimate**	2015/16 Feb-16	2015/16 May-16	Absolute change Feb-16	% change on 14/15	2010/11 2014/15 average	2013/14 estimate	2014/15 estimate	2015/16 Feb-16	2015/16 May-16	Absolute change Feb-16	% change on 14/15
(1)	Opening Stocks	1,761	2,186	1,559	2,426	2,426	0	56%	1,157	997	1,379	1,457	1,457	0	6%
(2)	Production	14,331	11,808	16,450	16,444	16,444	0	0%	6,054	7,092	6,911	7,370	7,370	0	7%
(3)	Imports	1,740	2,191	1,643	1,254	1,450	196	-12%	148	100	126	120	125	5	-1%
(4)	Total Availability	17,832	16,186	19,652	20,124	20,320	196	3%	7,360	8,189	8,416	8,947	8,952	5	6%
(5)	Human and Industrial Consumption (b)	7,374	7,461	7,820	7,273	7,393	120	-5%	1,863	1,960	1,948	1,805	1,818	13	-7%
(5a)	(of which home grown)	6,161	5,913	6,616	6,316	6,435	119	-3%	1,847	n/a	n/a	n/a	n/a	*	*
(6)	Usage as Animal Feed (c)	6,584	6,372	7,084	7,021	7,083	62	0%	3,252	3,495	3,304	3,352	3,429	77	4%
(6a)	(of which home grown)	6,095	5,635	6,635	6,721	6,588	-133	-1%	3,120	n/a	n/a	n/a	n/a	*	*
(6b)	(of which Compounders)	3,497	3,384	3,640	3,804	3,812	8	5%	1,001	1,169	1,077	1,102	1,128	26	5%
(6c)	(of which Integrated Poultry Units)	1,510	1,394	1,433	1,217	1,221	4	-15%	66	86	48	50	51	1	6%
(7)	Seed (d)	297	293	293	284	289	5	-1%	163	162	177	177	177	0	0%
(8)	Other	75	66	91	82	82	0	-10%	30	35	35	37	37	0	6%
(9)	Total Domestic Consumption	14,329	14,192	15,287	14,660	14,847	187	-3%	5,309	5,652	5,464	5,371	5,461	90	0%
(10)	Balance (4) - (9)	3,503	1,994	4,365	5,464	5,473	9	25%	2,051	2,537	2,952	3,576	3,491	-85	18%
(11)	Exports (e)	1,662	434	1,939	-	2,750	*	42%	923	1,158	1,495	-	1,900	*	27%
(12)	Intervention Stocks (e)	-	-	-	-	-	*	*	-	-	-	-	-	*	*
(13)	Commercial End-Season Stocks (e)	1,841	1,559	2,426	-	2,500	*	3%	1,129	1,379	1,457	-	1,009	*	-31%
(14)	(of which Estimated Operating stock requirement) (f)	1,432	1,450	1,500	1,500	1,500	0	0%	718	713	750	760	760	0	1%
(15)	(of which free stock) (g)	409	109	926	-	1,000	*	8%	411	666	707	-	249	*	-65%
(16)	Surplus available for either export or free stock (10)-(12)-(14)	2,071	544	2,865	3,964	3,973	9	39%	1,333	1,824	2,202	2,816	2,731	-85	24%
(17)	Residual (10)-(11)-(13) (i)					223	*	*					582	*	*

		MAIZE							OATS						
		2010/11 2014/15 average	2013/14 estimate**	2014/15 estimate	2015/16 Feb-16	2015/16 May-16	Absolute change Feb-16	% change on 14/15	2010/11 2014/15 average	2013/14 estimate	2014/15 estimate	2015/16 Feb-16	2015/16 May-16	Absolute change Feb-16	% change on 14/15
(1)	Opening Stocks	159	216	259	309	309	0	19%	92	69	167	105	105	0	-37%
(2)	Production	-	-	-	-	-	*	*	742	964	820	799	799	0	-3%
(3)	Imports	1,578	2,334	1,856	1,552	1,602	50	-14%	53	46	33	35	35	0	6%
(4)	Total Availability	1,737	2,550	2,115	1,861	1,911	50	-10%	886	1,079	1,020	939	939	0	-8%
(5)	Human and Industrial Consumption	512	679	566	462	439	-23	-22%	486	508	499	525	530	5	6%
(5a)	(of which home grown)	-	-	-	-	-	*	*	435	465	461	493	498	5	8%
(6)	Usage as Animal Feed	926	1,398	1,144	1,091	1,109	18	-3%	244	345	317	239	234	-5	-26%
(6a)	(of which home grown)	-	-	-	-	-	*	*	244	345	317	239	234	-5	-26%
(7)	Seed	-	-	-	-	-	*	*	19	19	18	18	18	0	0%
(8)	Other (h)	4	5	4	4	4	0	0%	4	5	4	4	4	0	0%
(9)	Total Domestic Consumption	1,443	2,083	1,714	1,557	1,552	-5	-9%	753	877	838	786	786	0	-6%
(10)	Balance (4) - (9)	294	467	401	304	359	55	-11%	133	202	182	153	153	0	-16%
(11)	Exportable surplus	86	208	92	95	100	5	9%	39	36	77	60	65	5	-16%
(12)	Commercial End-Season Stocks	209	259	309	209	259	50	-16%	94	166	105	94	89	-5	-16%

- (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) The identified residual will be either taken account of by official statistics in the final balance sheet or allocated using the reliability scores method

* Percentage change not meaningful

** The 2013/14 balance sheets for wheat and maize and the 2014/15 balance sheet for wheat have been adjusted retrospectively as per Defra's reliability allocation method

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		OTHER CEREALS (j)						
		2010/11 2014/15 average	2013/14 estimate	2014/15 estimate	2015/16 Feb-16	2015/16 May-16	Absolute change Feb-16	% change on 14/15
(1)	Opening Stocks	5	5	5	5	5	0	0%
(2)	Production	119	107	131	121	121	0	-8%
(3)	Imports	2	3	1	3	3	0	200%
(4)	Total Availability	126	115	137	129	129	0	-6%
(5+6)	H&I and Animal Feed	117	107	129	121	121	0	-6%
(5a+6a)	(of which home grown)	115	104	128	118	118	0	-8%
(7)	Seed	3	3	3	3	3	0	0%
(8)	Other	-	-	-	-	0	0	*
(9)	Total Domestic Consumption	120	110	132	124	124	0	-6%
(10)	Balance (4) - (9)	6	5	5	5	5	0	0%
(11)	Exportable surplus	1	0	0	0	0	0	*
(12)	Intervention Stocks	0	0	0	0	0	0	*
(13)	Commercial End-Season Stocks	5	5	5	5	5	0	0%

		TOTAL CEREALS						
		2010/11 2014/15 average	2013/14 estimate**	2014/15 estimate**	2015/16 Feb-16	2015/16 May-16	Absolute change Feb-16	% change on 14/15
(1)	Opening Stocks	3,174	3,473	3,369	4,302	4,302	0	28%
(2)	Production	21,246	19,971	24,312	24,734	24,734	0	2%
(3)	Imports	3,521	4,675	3,659	2,964	3,215	251	-12%
(4)	Total Availability	27,940	28,118	31,340	32,000	32,251	251	3%
(5)	H&I (wheat, barley, maize, oats) (h)	10,235	10,608	10,833	10,065	10,180	115	-6%
(6)	Animal Feed (wheat, barley, maize oats) (h)	11,007	11,611	11,849	11,703	11,855	152	0%
(5a +6a)	Other cereals (H&I and Animal Feed)	117	107	129	121	121	0	-6%
(7)	Seed	482	477	491	482	487	5	-1%
(8)	Other	113	111	134	127	127	0	-5%
(9)	Total Domestic Consumption	21,953	22,914	23,435	22,498	22,770	272	-3%
(10)	Balance (4) - (9)	5,987	5,205	7,905	9,502	9,481	-21	20%
(11)	Exports	2,711	1,837	3,603	-	4,815	*	34%
(12)	Intervention Stocks	-	-	-	-	-	*	*
(13)	Commercial End-Season Stocks	3,277	3,368	4,302	-	3,861	*	-10%
(14)	Estimated Operating stock requirement (wheat & barley only)	2,150	2,163	2,250	2,260	2,260	0	0%
(15)	Free stock for wheat and barley	820	775	1,633	-	1,249	*	-24%
(16)	Surplus available for either export or free stock (all)	3,838	3,042	5,655	7,242	7,221	-21	28%
(17)	Residual (10)-(11)-(13) (i)					805		

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

Source: DEFRA

** The 2013/14 balance sheets for wheat and maize and the 2014/15 balance sheet for wheat have been adjusted retrospectively 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 March 2016

Thousand tonnes

				Production as at end of March 2016										Prepared by:	
				2010/11 to 2014/15 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	2015/16 39 weeks	% Change 2015/16 on 2014/15	Actual Change 2015/16 on 2014/15	
WHEAT															
(1) Usage	Human and	-Flour Millers	-imported	871	872	820	590	520	1183	1149	914	707	-23%	-207	
(2)	Industrial		-home-grown	3993	3682	3735	4316	3929	3807	3642	4270	4131	-3%	-139	
(3)	Processors		-Total	4864	4553	4555	4906	4449	4990	4790	5183	4837	-7%	-346	
(4)		-Distillers		531	451	397	381	471	602	619	584	463	-21%	-121	
(5)		-Others		126	40	41	121	118	123	136	131	134	3%	3	
(6)	Animal Feed Processors (a)			2246	2162	2093	2097	2302	2314	2192	2326	2472	6%	146	
(7)	Poultry Integrated Units			1130	1119	1155	1207	1196	1150	1045	1055	894	-15%	-161	
(8) Imports	From July (b)			1310	931	920	808	665	2121	1681	1274	1246	-2%	-28	
(9) Exports	From July (b)			1420	2845	1734	2354	2230	582	353	1580	1987	26%	406	
(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	1364	1331	1172	1264	1353	1361	1414	1429	1346	-6%	-83	
(4)	Animal Feed Processors (a)			670	527	641	651	499	669	786	746	773	4%	27	
(5)	Poultry Integrated Units			50	64	72	50	46	54	63	38	38	1%	0	
(6) Imports	From July (b)			110	91	70	100	119	172	71	86	111	30%	26	
(7) Exports	From July (b)			788	663	818	664	719	351	1033	1175	1553	32%	379	
(11)	Intervention	-Actual		31	0	0	151	5	0	0	0	0	*	0	
(12)		-Projected		31	0	0	151	5	0	0	0	0	*	0	
MAIZE															
(1) Usage	Human and Industrial			245	150	138	227	213	221	275	289	237	-18%	-53	
(2)	Animal Feed Processors (a)			160	95	86	81	81	164	260	214	212	-1%	-3	
(3) Imports	From July (b)			1257	721	678	843	734	1277	1920	1513	1369	-9%	-143	
(4) Exports	From July (b)			72	10	9	28	26	37	192	77	87	13%	10	
OATS															
(1) Usage	Human and Industrial Processors			362	101	105	343	358	364	384	362	392	8%	30	
(2)	Animal Feed Processors (a)			68	47	63	73	46	58	89	74	40	-46%	-34	
(3) Exports	From July (b)			34	77	27	47	14	9	32	70	62	-11%	-8	

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 16 May 2016. 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