

AHDB Cereal & Oilseeds Early UK Supply and Demand Estimates 2018/19

Introduction

UK wheat and barley production are provisionally estimated to be at the lowest levels since 2013 and 2012 respectively. While domestic consumption of both wheat and barley is forecast to ease slightly in 2018/19, a greater fall in total availability has meant the wheat and barley balances are forecast to tighten for the third consecutive year.

Wheat

- **Availability** – UK wheat availability is forecast at 17.504Mt, 5% or 882Kt lower than in 2017/18, predominately driven by an estimated fall in production, and to a lesser extent, a decline in imports and opening stocks. Provisional results from the [Defra Cereal and Oilseed Rape Production Survey](#) revealed that a lower average yield in 2018, outweighed a marginal increase in area planted, leading to a decline in wheat production. The provisional estimate for output in 2018 is 5% or 751Kt lower than in 2017 at 14.086Mt. Opening stocks are estimated to be 2% less than 2017/18 at 1.718Mt.
- **Imports** – Wheat imports in 2018/19 are forecast at 1.700Mt, 5% (93Kt) lower than in 2017/18. From July to August the UK imported 523Kt of wheat, 74% up on the same period in 2017/18. The increase in imports so far this season, partially reflects the tight supply and demand situation the UK was in, before the new crop hit the market. While imports have been up on year earlier levels so far this season, they are expected to slow from the current pace somewhat due a reduction in bioethanol demand, as well as competition from maize due to its relative price to wheat. However, as always at this early point in the season, caution should be taken when examining these figures. The price relationship of maize and wheat will be examined throughout the season.
- **Usage** – At 15.334Mt, total domestic consumption of wheat in 2018/19 is forecast to decline by 2% or 349Kt compared to 2017/18, as a projected fall in human and industrial usage outweighs a rise in animal feed demand.

Human and industrial consumption of wheat in 2018/19 is forecast at 7.293Mt, 7% lower than year earlier levels, driven predominately by a reduction in usage by the bioethanol sector. Following the announcement that Vivergo Fuels ceased production at the end of September, it is assumed that the plant will remain offline for the rest of 2018/19. Demand for wheat from flour millers is expected to remain relatively stable year on year. With the second provisional [AHDB Cereal Quality Survey](#) results recording a higher proportion of samples hitting full specification than in 2017 and anecdotal reports of good functionality, millers are likely to have a good domestic supply of wheat this season. Millers import requirements are expected to remain similar to year earlier levels. Usage of wheat by brewers, maltsters and distillers is forecast to decline slightly, due to scheduled maintenance downtime during the first few months of the season.

Animal feed demand for wheat in 2017/18 is expected to increase by 2% compared to 2017/18 at 7.692Mt. The volume of total compound animal feed production is expected to increase in 2018/19, with higher usage anticipated for cattle, sheep and poultry, while pig feed demand is expected to remain relatively stable. With adverse conditions over the summer, forage availability in some regions is tight, leading to more concentrates and straight grains being fed. While wheat usage is expected to increase in animal diets during 2018/19, the magnitude of the rise is somewhat capped by an expected rise in maize demand, due to its relative price to other cereals.

- **Balance** – The balance of total availability and domestic consumption is forecast at 2.170Mt, 532Kt (20%) lower than in 2017/18. The operating stock requirement for 2017/18 is estimated at 1.550Mt, 50Kt less than last year. This leaves a surplus available for either export or free stock of 620Kt, 54Kt (9%) higher than 2017/18.

Barley

- **Availability** – At 7.782Mt, total availability of barley in 2018/19 is forecast to be 7% or 596Kt lower than in 2017/18, driven predominantly by an estimated fall in production. Provisional results from the [Defra Cereal and Oilseed Rape Production Survey](#) revealed a lower average yield in 2018, which combined with a reduction in planted area, had led to a fall in output. The provisional estimate for total barley production in 2018 is 6.606Mt, 563Kt lower than levels recorded in 2017. Opening stocks for the season are also estimated to be lower (-29Kt) than year earlier levels, at 1.076Mt.
- **Imports** – In 2018/19, UK imports of barley are forecast at 100Kt, 5Kt lower than year earlier levels. From July to August 2018, the UK imported 20.8Kt of barley, 4Kt lower than the same period in 2017/18. With reports of a below average barley harvest in Europe, import levels are expected to be lower than in 2017/18.
- **Usage** – Total domestic consumption of barley in 2018/19 is forecast to decline by 156Kt (3%) to 5.994Mt, driven by a fall in animal feed consumption.

Human and industrial usage of barley is forecast to remain relatively similar to last year at 1.891Mt, with no closures or capacity changes expected.

Animal feed demand for barley in 2018/19 is expected to decline year on year by 163Kt to 3.884Mt. With the discount of the UK average ex-farm feed barley price to feed wheat currently smaller than last season, inclusions of barley in rations this season are expected to be lower. Likewise, the level of barley fed on farm is expected to decline somewhat, partly due to the smaller size of the national crop.

- **Balance** – At 1.788Mt, the balance of total availability and domestic consumption is forecast to be 440Kt lower than in 2017/18. The estimated operating stock requirement is 10Kt higher than last season at 780Kt, meaning that the surplus available for export or free stock is forecast at 1.008Mt, 399Kt lower year on year. The size and quality of the 2018 barley crop will largely dictate the balance between barley fed on farm and exports this season. However, 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 Cereal & Oilseeds Early Balance Sheets for UK wheat and barley, for the 2018/19 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 29 November. Production is based on the provisional results from the Defra Cereal and Oilseed Rape Production Survey ([click here](#)). Comparisons are with both official survey figures and the 2017/18 end of 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:

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AHDB Early Cereal Supply and Demand Balance Sheets 2018/19



	Wheat					Barley				
<i>in '000 Tonnes</i>	2016/17	2017/18	2018/19	<i>Change on 2017/18</i>	<i>% Change on 2017/18</i>	2016/17	2017/18	2018/19	<i>Change on 2017/18</i>	<i>% Change on 2017/18</i>
Opening Stocks	2,787	1,755	1,718	-37	-2%	1,367	1,105	1,076	-29	-3%
Production	14,383	14,837	14,086	-751	-5%	6,655	7,169	6,606	-563	-8%
Imports	1,855	1,793	1,700	-93	-5%	106	105	100	-5	-5%
Availability	19,025	18,386	17,504	-882	-5%	8,128	8,379	7,782	-596	-7%
Human and Industrial Consumption	8,110	7,816	7,293	-523	-7%	1,863	1,881	1,891	10	1%
<i>of which home grown</i>	7,169	6,787	6,060	-727	-11%	n/a	n/a	n/a	n/a	n/a
Animal Feed Consumption	7,236	7,515	7,692	178	2%	3,655	4,047	3,884	-163	-4%
Seed	278	279	279	0	0%	181	186	186	0	0%
Other	72	74	70	-4	-5%	33	36	33	-3	-8%
Domestic Consumption	15,696	15,683	15,334	-349	-2%	5,732	6,150	5,994	-156	-3%
Balance	3,329	2,703	2,170	-532	-20%	2,396	2,228	1,788	-440	-20%
Exports ²	1,438	448	-	-	-	1,026	1,101	-	-	-
Intervention Stocks ²	-	-	-	-	-	-	-	-	-	-
Commercial End-Season Stocks ²	1,755	1,718	-	-	-	1,105	1,076	-	-	-
<i>of which Estimated Operating Stocks Requirement ³</i>	1,560	1,600	1,550	-50	-3%	760	770	780	10	1%
<i>of which Free Stocks ⁴</i>	195	118	-	-	-	345	306	-	-	-
Surplus available for either export or free stock	1,633	567	620	54	9%	1,371	1,408	1,008	-399	-28%
Residual	136	536	-	-	-	265	50	-	-	-

NB: 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 2018/19 balance sheets are due to be released on 29 November 2018.

Source: AHDB

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 15 October 2018

2. Split of exports, intervention and total commercial end-season stocks only published for historical seasons. For further details, see operating stocks methodology below

3. Estimated Operating Stocks Requirement calculated as shown here [Operating Stock Methodology](#)

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

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