

INTRODUCTION

The tables below show the 2021/22 AHDB early balance sheet estimates of wheat and barley. These estimates provide the first look of wheat and barley supply and demand for the season.

Despite a rebound in wheat production this season, the outlook is still forecast to be tight. Opening wheat stocks, at the lowest level this century, have weighed on availability. In addition, an increase in H&I usage, primarily driven by the bioethanol sector, will continue to generate demand. Increases in wheat usage for animal feed are expected to offset reductions in barley usage. This is due to the relative wheat availability and price relationship incentivising animal feed compounders to increase wheat inclusion in rations at the expense of barley.

WHEAT

Total availability of wheat in 2021/22 is estimated at 17.139Mt, 2.612Mt more than 2020/21 levels. This is driven by a rebound in production, partially offsetting a decline in opening stocks. At 14.022Mt, the [provisional Defra wheat production figure](#) for 2021 is 4.364Mt higher year on year and 291Kt more than the five-year average (2016-2020). As such, imports are forecast to reduce by 731Kt on the season and 98Kt back on the five-year-average.

Following 2020/21's tight season, opening stocks are estimated 1.022Mt down on the year, at 1.416Mt. These are the tightest opening stocks this century. Therefore, despite the increase in production, the outlook remains tight for the season ahead.

Total domestic consumption of wheat is estimated to be 1.834Mt (14%) higher year on year in 2021/22, due to a projected increase in both human and industrial (H&I) and animal feed consumption. H&I consumption of wheat is estimated to increase by 9% on the year, largely driven by an increase in bioethanol usage. Compared to last season's estimates, it is assumed that the proportion of wheat used by the bioethanol industry will increase, due to its relative price and availability compared with maize.

Though demand for wheat by flour millers is expected to remain relatively stable on the year, the proportion of home-grown usage is forecast to increase. While UK flour millers are expected to import less wheat this season, due to an increase in domestic availability (in theory), haulage issues may mean imports are not cut as dramatically as once thought. **Total wheat imports are estimated at 1.700Mt.**

Usage of wheat in animal feed is expected to rise by 1.237Mt on the year to 7.236Mt, largely in line with levels recorded in 2019/20. Demand by feed producers is expected to increase given the greater wheat availability this season, and the narrowing of the premium to barley, increasing wheat inclusions in rations. Logistical and slaughter capacity issues for both livestock and integrated poultry units are expected to have a pressuring effect on cereal demand overall, although the increase in wheat inclusions is anticipated to offset this decrease, likely to be seen more in barley and maize usage.

The wheat balance is estimated at 2.394Mt in 2021/22, which is around 48% greater than levels recorded in 2020/21. However, this is still 2Mt lower than 2019/20, returning to levels recorded in the 2018/19 season. This is because of a decline in opening stocks this season, to the tightest volume this century.

BARLEY

At 8.236Mt, total availability of barley in 2021/22 is 1.326Mt lower year on year, driven by an estimated decrease in opening stocks and production. [Provisionally Defra](#) have forecast UK barley production for 2021 at 7.108Mt, 1.009Mt down on year earlier levels. The fall in output is driven by a reduction in area planted to spring barley, as weather conditions favoured a return to winter wheat drilling last season. A slight improvement in yields softened some of the downward pressure from the area reduction.

Opening stocks of barley are estimated at 1.058Mt, 299Kt lower on the year and the smallest level since 2013/14.

Domestic consumption of barley in 2021/22 is forecast to decrease by 1.064Mt year on year to 6.190Mt, driven by a fall in animal feed usage. H&I usage of barley in 2021/22 is expected to rise by 133Kt compared with 2020/21, to 1.855Mt. Usage by the brewing, malting and distilling sector is forecast to increase as the industry continues to recover following COVID-19 restrictions on out of home demand.

Barley usage in animal feed is expected to decrease by 1.192Mt on the year to 4.114Mt, similar to 2019/20 levels. Due to an increased availability of domestic wheat, and the subsequent pressure this will apply to the barley discount to wheat, the proportion of barley in compound feed and integrated poultry feed production is expected to be lower this season. However, this reduction may be capped by a lack of liquidity in the wheat market, particularly at the start of the season.

The balance of barley supply and demand is estimated at 2.046Mt, 262Kt less than in 2020/21. With an operating stocks requirement of 740Kt, this leaves 1.306Mt of barley to be either exported or carried over as free stock into 2022/23.

NOTES

This document provides commentary on the annual AHDB Early Balance Sheets for UK wheat and barley, for the 2021/22 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 25 November 2021. Production is based on the provisional results from the [Defra Cereal and Oilseed Rape Production Survey](#). Comparisons are with both official survey figures and the 2020/21 end-season supply and demand estimates. As always, caution should be taken when examining these figures at such an early stage of the season.

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CEREALS & OILSEEDS

AHDB EARLY CEREAL SUPPLY AND DEMAND BALANCE SHEETS 2021/22

July to June crop years

Thousand tonnes

	Wheat					Barley				
	2019/20	2020/21	2021/22	Change on 2020/21	% Change on 2020/21	2019/20	2020/21	2021/22	Change on 2020/21	% Change on 2020/21
Opening Stocks	1,911	2,438	1,416	-1,022	-42%	1,091	1,357	1,058	-299	-22%
Production	16,225	9,658	14,022	4,364	45%	8,048	8,117	7,108	-1,009	-12%
Imports	1,056	2,431	1,700	-731	-30%	70	88	70	-18	-21%
Availability	19,192	14,527	17,139	2,612	18%	9,210	9,562	8,236	-1,326	-14%
Human and Industrial Consumption	6,923	6,587	7,163	575	9%	1,781	1,721	1,855	133	8%
<i>of which home grown</i>	6,173	5,099	6,010	912	18%	n/a	n/a	n/a	n/a	n/a
Animal Feed Consumption	7,438	5,999	7,236	1,237	21%	4,142	5,307	4,114	-1,192	-22%
Seed	215	277	277	-	-	228	185	185	-	-
Other	81	48	70	22	46%	40	41	36	-5	-12%
Domestic Consumption	14,656	12,911	14,745	1,834	14%	6,191	7,254	6,190	-1,064	-15%
Balance	4,535	1,616	2,394	778	48%	3,019	2,308	2,046	-262	-11%
Exports ²	1,205	209	-	-	-	1,790	1,290	-	-	-
Intervention Stocks ²	-	-	-	-	-	-	-	-	-	-
Commercial End-Season Stocks ²	2,438	1,416	-	-	-	1,357	1,058	-	-	-
<i>of which Estimated Operating Stocks Requirement ³</i>	<i>1,550</i>	<i>1,500</i>	<i>1,500</i>	<i>0</i>	<i>0%</i>	<i>790</i>	<i>790</i>	<i>740</i>	<i>-50</i>	<i>-6%</i>
<i>of which Free Stocks ⁴</i>	<i>888</i>		<i>-</i>	<i>-</i>	<i>-</i>	<i>567</i>	<i>268</i>	<i>-</i>	<i>-</i>	<i>-</i>
Surplus available for either export or free stock	2,093		894	-	-	2,356	1,558	1,306	-252	-16%
2020/21 operating stock deficit **		-84								
Residual	892	-9				-127	-40			

Source: AHDB, Defra

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 2021/22 Balance Sheets are due to be released on 25 November 2021.

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 28 October 2021

2. Split of exports, intervention and total commercial end-season stocks only published for historical seasons

3. 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

Estimated Operating Stocks Requirement calculated as shown [here](#)

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

** Due to the highly unusual nature of this seasons hugely reduced wheat production figure, an extra line is included in the balance sheet to show the operating stock deficit

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