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Report Highlights:

Very good growing conditions across much of EU28 saw an early start to harvest. However, recent rains on the Continent have raised quality concerns for the otherwise large wheat crop. This is particularly the case in France, the EU28’s largest producer and exporter of milling wheat, and in Bulgaria and Romania. The EU28’s barley crop has been less detrimentally affected by the recent weather. The winter barley harvest is now all but complete with quality described as generally good. The spring barley harvest is reported to have got off to a good start. Finally, the recent mixture of sun and rain bodes well for an already well developed corn crop, pending no weather shocks through to harvest. With feed quality grains likely to be in abundance in MY2014/15 in the EU28, there is a significant focus on an expected reduction in exports. Combined with the large size of the overall grain crop, revised up 2.5 MMT to just over 306 MMT, there is also the potential for a large increase in otherwise low EU28 grain stocks.

General Information:

Introduction

Unless stated otherwise, data in this report is based on the views of Foreign Agricultural Service analysts in the EU28 and is not official USDA data.

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HA = Hectares
MT = Metric Tonne
MY = Marketing Year. Post and USDA official data both follow the EU28 local marketing year of July to June except for corn which follows an October to September calendar.
TY = July to June for wheat and October to September for coarse grains

Executive Summary

Very good spring growing conditions across much of the EU28 saw an early start to harvest and hopes were high for large, good quality wheat and barley crops and good development of the EU28 corn crop. However, persistent wet weather in parts of the Continent caused delays to both the wheat and barley harvests and increased quality concerns, particularly for wheat. The wet weather has been particularly troublesome in France as heavy and frequent rainfall through July has reduced the quality of its wheat crop. As the EU28's largest producer of milling wheat and a major exporter, and with concerns also for the quality of the Bulgarian and Romanian wheat crops, this has put the spotlight on likely EU28 wheat exports in MY2014/15. The quality of the French barley crop has been less detrimentally affected while the excellent ground moisture levels bode well for the French corn crop. Elsewhere in the EU28, while the rain also affected the second half of the wheat harvest in the Czech Republic, other countries such as the UK and Poland escaped most of the bad weather and are expecting large, good quality wheat crops. Additionally, the overall quality of the EU28 barley crop is reported to be generally good and, pending any further weather shocks, the outlook for the upcoming corn harvest excellent. Overall EU28 grain production is forecast up 2.5 MMT on previous expectations, at 306.1 MMT. If achieved, this will be the second largest EU28 crop on record after the 312 MMT of MY2008/9. The wheat export forecast remains at 25MMT, the quality considerations outweighing the improved outlook for production, and remains subject to possible downward revision.

After an early start but significant delays along the way, the EU28 wheat harvest is now complete in the south of the EU28, in Italy, Greece, Spain and Croatia, is nearing completion in France, Hungary, Romania and Bulgaria, is well under way in Germany, Poland and the Czech Republic and proceeding slowly but steadily in the UK. Yields are generally very good, in large part due to the favorable growing conditions earlier in the year and a large crop is expected. The focus is now on the quality, not least due to the wet weather experienced by many Member States during harvest. Any downgrading of wheat to feed grade will see feed grain supplies increasing in a year when there are expected to be plentiful supplies of corn both in the EU28 and beyond.

Of most concern is the French wheat crop. This concern stems not just from the fact that very wet weather has disrupted the harvest and made conditions difficult, but that France is traditionally the largest producer and exporter of milling quality wheat in the EU28. Quality is reported to be down, with increased sprouting reducing the proportion of the crop that will be of milling quality. Not only will this jeopardize exports to traditional destinations, including North Africa, but will create domestic pressure due to the increased supplies of feed quality grain.
While other countries have experienced a wet wheat harvest, it was perhaps the advanced progress of the French wheat crop that left it most susceptible.

Elsewhere, the variability of the wheat quality is also of some concern in the Czech Republic, notably the later harvested wheat; in Bulgaria, where some regions suffered flooding and the quality is concerning exporters; and in Romania, where the trade is reported to have increased its use of dryers in an effort to meet export specifications. Drought reduced yields in Spain although this was limited to non-irrigated areas, which account for over 85 percent of the cultivated land. Spain also reports good quality, particularly for durum wheat both in terms of protein content and specific weight. Both the German and Polish wheat crops are seen larger than previously forecast with quality reported to be considerably better than France. Poland escaped much of the aforementioned harvest rainfall as has the UK, thus far. In the latter, with over half the crop now harvested and yields being reported as being at or near record levels, wheat production is also now expected higher than previously forecast.

Overall, total EU28 wheat production for MY2014/15 is revised up 4 MMT to be the second largest on record, just 1.5 MMT less than the record 158.5 MMT in MY2008/9. This means that despite increased forecast feed use of wheat in MY2014/15, both year-on-year and compared to previous forecasts, a rebuilding of ending stocks is to be expected. How much they will rise will largely come down to trade. The EU’s newly introduced Tariff Rate Quota for Ukrainian wheat has the potential to buoy imports and domestic supplies. Additionally, should the quality considerations see wheat exports not reach their current forecast of 25MMT, then this will also further support ending stocks.

The winter barley harvest is complete in most EU countries. Yields are generally good, although the aforementioned drought in Spain has reduced yields there, albeit not as much as for wheat. Quality is also reported to be good, both in terms of test weights and protein content, although there are reports of parasite damage in Italy, Greece and Croatia. The spring barley harvest has got off to a good start. Overall, at 56.5 MMT, total EU barley production is down 3 MMT on MY2013/14. Some early season export interest has been reported but year-on-year exports are forecast little changed.

On a reduced area as compared to MY2013/14, largely due to planting conditions, the corn crop is reported to be developing well in excellent conditions, the recent wet weather being particularly good for soil moisture levels. Of course, a close eye will need to be kept on the weather through harvest - a hot spell is now forecast in Romania and Bulgaria - but the sentiment is generally very positive and yields could yet rise on current forecasts meaning the current 67 MMT production number may be conservative. MY2014/15 corn imports are now forecast to reach 10 MMT, 5.5 MMT lower than currently forecast for MY2013/14. In this regard, an additional dynamic to watch will be the impact, if any, of the European Commission's mid-July introduction of an import duty on corn (as well as sorghum and rye) in reaction to increased global supplies. Import duties were last in place in late 2010. Total MY2014/15 feed use is forecast marginally up year-on-year as are ending stocks but these numbers will ultimately depend on how heavy the overall feed supply situation in the EU28 becomes.

Appendix

Wheat PSD

Wheat European Union	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	25,948	25,940	25,767	25,800	26,566	26,500
Beginning Stocks	13,553	13,553	10,559	10,728	10,093	10,035
Production	133,850	133,825	143,134	144,000	147,868	148,500
MY Imports	5,277	5,277	3,900	3,982	5,500	5,000
TY Imports	5,277	5,277	3,900	3,982	5,500	5,000
TY Imp. from U.S.	959	967	657	717	0	
Total Supply	152,680	152,655	157,593	158,710	163,461	163,535
MY Exports	22,621	22,677	31,500	31,925	25,000	25,000
TY Exports	22,621	22,677	31,500	31,925	25,000	25,000
Feed and Residual	51,000	51,000	48,000	49,000	57,000	55,500
FSI Consumption	68,500	68,250	68,000	67,750	68,500	68,500
Total Consumption	119,500	119,250	116,000	116,750	125,500	124,000
Ending Stocks	10,559	10,728	10,093	10,035	12,961	14,535
Total Distribution	152,680	152,655	157,593	158,710	163,461	163,535
1000 HA, 1000 MT, MT/HA						

Barley PSD

Barley European Union	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	12,511	12,487	12,353	12,350	12,320	12,400
Beginning Stocks	6,069	6,069	5,092	5,046	4,955	5,599
Production	54,896	54,850	59,613	59,650	56,202	56,500

MY Imports	66	66	50	44	50	50
TY Imports	52	52	50	50	50	50
TY Imp. from U.S.	1	0	0	0	0	0
Total Supply	61,031	60,985	64,755	64,740	61,207	62,149
MY Exports	4,939	4,939	6,100	5,741	5,800	5,800
TY Exports	6,473	6,473	4,800	4,800	5,800	5,800
Feed and Residual	35,500	35,500	38,500	38,000	35,000	35,500
FSI Consumption	15,500	15,500	15,200	15,400	15,500	15,650
Total Consumption	51,000	51,000	53,700	53,400	50,500	51,150
Ending Stocks	5,092	5,046	4,955	5,599	4,907	5,199
Total Distribution	61,031	60,985	64,755	64,740	61,207	62,149
1000 HA, 1000 MT, MT/HA						

Corn PSD

Corn European Union	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	9,715	9,720	9,791	9,750	9,557	9,500
Beginning Stocks	6,666	6,666	5,090	5,110	5,380	6,910
Production	58,866	58,886	63,990	64,500	67,046	67,000
MY Imports	11,351	11,351	15,500	15,500	11,000	10,000
TY Imports	11,351	11,351	15,500	15,500	11,000	10,000
TY Imp. from U.S.	20	20	0	0	0	0
Total Supply	76,883	76,903	84,580	85,110	83,426	83,910
MY Exports	2,193	2,193	2,200	2,200	2,000	2,000
TY Exports	2,193	2,193	2,200	2,200	2,000	2,000
Feed and Residual	53,000	53,000	58,500	57,500	55,500	55,000
FSI Consumption	16,600	16,600	18,500	18,500	19,000	19,000
Total Consumption	69,600	69,600	77,000	76,000	74,500	74,000
Ending Stocks	5,090	5,110	5,380	6,910	6,926	7,910
Total Distribution	76,883	76,903	84,580	85,110	83,426	83,910
1000 HA, 1000 MT, MT/HA						

Rye PSD

Rye European Union	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,374	2,345	2,563	2,550	2,380	2,300
Beginning Stocks	745	745	792	746	1,159	1,176
Production	8,762	8,691	10,187	10,200	9,070	9,000
MY Imports	98	98	50	50	50	50
TY Imports	68	68	50	50	50	50
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	9,605	9,534	11,029	10,996	10,279	10,226
MY Exports	113	113	170	170	150	150
TY Exports	122	122	150	150	150	150
Feed and Residual	4,400	4,350	4,900	4,900	4,900	4,600
FSI Consumption	4,300	4,325	4,800	4,750	4,400	4,400
Total Consumption	8,700	8,675	9,700	9,650	9,300	9,000
Ending Stocks	792	746	1,159	1,176	829	1,076
Total Distribution	9,605	9,534	11,029	10,996	10,279	10,226

1000 HA, 1000 MT, MT/HA						

Oats PSD

Oats European Union	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,670	2,610	2,622	2,565	2,618	2,550
Beginning Stocks	796	796	799	849	782	587
Production	7,906	7,806	8,378	8,250	8,080	8,200
MY Imports	3	3	5	4	5	5
TY Imports	4	4	5	5	5	5
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	8,705	8,605	9,182	9,103	8,867	8,792
MY Exports	106	106	300	316	150	150
TY Exports	126	126	275	275	150	150
Feed and Residual	6,000	5,950	6,400	6,500	6,200	6,250
FSI Consumption	1,800	1,700	1,700	1,700	1,700	1,700
Total Consumption	7,800	7,650	8,100	8,200	7,900	7,950
Ending Stocks	799	849	782	587	817	692
Total Distribution	8,705	8,605	9,182	9,103	8,867	8,792
1000 HA, 1000 MT, MT/HA						

Sorghum PSD

Sorghum European Union	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	114	115	120	130	114	120
Beginning Stocks	14	14	27	26	23	25
Production	495	499	596	650	576	600
MY Imports	317	318	200	193	200	175
TY Imports	291	291	200	200	200	175
TY Imp. from U.S.	81	67	0	14	0	0
Total Supply	826	831	823	869	799	800
MY Exports	4	5	5	3	5	5
TY Exports	0	5	5	3	5	5
Feed and Residual	775	780	775	820	750	750
FSI Consumption	20	20	20	21	20	21
Total Consumption	795	800	795	841	770	771
Ending Stocks	27	26	23	25	24	24
Total Distribution	826	831	823	869	799	800
1000 HA, 1000 MT, MT/HA						

Mixed Grain PSD

Mixed Grain European Union	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post

Area Harvested	3,951	3,950	3,947	3,950	3,866	4,100
Beginning Stocks	1,289	1,289	1,052	989	1,248	839
Production	14,963	15,000	15,396	15,500	14,915	16,300
MY Imports	0	0	0	0	0	0
TY Imports	0	0	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	16,252	16,289	16,448	16,489	16,163	17,139
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	14,000	14,000	14,000	14,250	13,700	14,500
FSI Consumption	1,200	1,300	1,200	1,400	1,200	1,550
Total Consumption	15,200	15,300	15,200	15,650	14,900	16,050
Ending Stocks	1,052	989	1,248	839	1,263	1,089
Total Distribution	16,252	16,289	16,448	16,489	16,163	17,139
1000 HA, 1000 MT, MT/HA						

Rice PSD

Rice, Milled European Union	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Sep 2012		Market Year Begin: Sep 2013		Market Year Begin: Sep 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	450	450	438	440	438	440
Beginning Stocks	1,117	1,117	1,146	1,178	1,040	1,097
Milled Production	2,087	2,088	1,944	1,944	1,972	1,971
Rough Production	3,004	3,005	2,801	2,800	2,842	2,840
Milling Rate (.9999)	6,948	6,948	6,940	6,943	6,939	6,940
MY Imports	1,395	1,376	1,350	1,500	1,400	1,400
TY Imports	1,375	1,376	1,350	1,500	1,400	1,400
TY Imp. from U.S.	54	51	0	0	0	0
Total Supply	4,599	4,581	4,440	4,622	4,412	4,468
MY Exports	203	203	200	300	190	200
TY Exports	203	203	200	300	190	200
Consumption and Residual	3,250	3,200	3,200	3,225	3,200	3,250
Ending Stocks	1,146	1,178	1,040	1,097	1,022	1,018
Total Distribution	4,599	4,581	4,440	4,622	4,412	4,468
1000 HA, 1000 MT, MT/HA						