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Crop update. Harvest weather takes its toll. The East worst hit.

Report Categories:

Grain and Feed

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Report Highlights:
The months of July and August have witnessed wet and stormy weather in the East of Europe disrupting the harvesting of the grain crop and significantly reducing yields and quality. In the West, harvest conditions have also been wet but to a lesser extent. Of more interest in the West, with the harvest under way, is the fact that the earlier long period of hot, dry weather has increased the variability of yields but only marginally reduced the average. The total 2010 EU grain harvest is now forecast to reach 279 MMT, 10 MMT down on expectations just two months ago. Of this reduction, 7 MMT is accounted for by wheat, production now put at 135.5 MMT, marginally lower than a year ago. Compared with two months ago, barley production is revised 1.5 MMT lower to 54.5 MMT while corn production is now expected 1 MMT lower at 55.5 MMT. The tighter than previously forecast EU27 grain outlook for MY 2010/11 combined with rising world grain prices is expected to be felt by the livestock sector in the main. Feed consumption is forecast to again decline in MY2010/11, the decline in availability of price competitive wheat outweighing the anticipated

release of private grain stocks and of a significant volume of barley from intervention.

General Information:

Introduction

This report presents the outlook for grain and feed, and Production, Supply and Demand (PS&D) forecasts for the Marketing Year (MY) 2010/2011. Unless stated otherwise, data in this report is based on the views of Foreign Agricultural Service analysts in the EU 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 EU 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

Reduced prospects for the 2010 EU27 harvest mean total grain production is now forecast to be 279 MMT. Within this total, wheat production is put at 135.5 MMT, barley at 54.5 MMT and corn at 55.5 MMT each. All are lower tonnages as compared to expectations two months ago.

The months of July and August have witnessed wet and stormy weather in the East of Europe disrupting the harvesting of the grain crop and significantly reducing yields and quality. In Poland, a difficult season - which started with cold weather hampering field management followed by rain and then by a prolonged period of hot, dry weather – has culminated in a wet and stormy harvest period. Similarly, heavy rain in Romania has delayed the harvest and raised concerns for the quality of the crop as well as the yield. In Hungary standing water has reduced both the harvested area and yield of its grain crop as well as the quality. And in Bulgaria, June hopes for high quality and high yielding wheat and barley crops have been severely diminished by three weeks of rain which have also delayed harvest progress.

Other parts of the EU27 have also not got through the past two months unscathed by the weather but while the very hot period followed by rains experienced in France and the UK has delayed harvest progress it is not thought to have had a significant affect on wheat and barley yield and quality. Indeed, while yield and quality in these countries is certainly down on both last year and the record crop of MY2008/9, earlier concerns about the crops in these countries have somewhat diminished now much of the wheat and barley has been harvested. While it is the case that the long period of hot, dry weather has reduced quality, of more interest is that while the variability of the yields has increased, the weather has only marginally reduced the average. This is largely due to the excellent soils that can be found in parts of these countries. That said, in Germany more than half of the wheat is still in the fields in mid-August and the persistent rains are increasing the risk for sprout damage. Also, concerns remain for the corn crop, particularly in Germany, and with harvest still a few weeks away, attention on the weather remains strong.

In total, the 2010 EU grain harvest is now forecast 10 MMT lower than two months ago, 7 MMT of this being accounted for by wheat. Barley production is revised 1.5 MMT lower and corn 1 MMT lower.

The tighter than previously forecast EU27 grain outlook for MY 2010/11 combined with rising world grain prices is expected to be mainly felt by the livestock sector. Feed grain consumption is forecast to again decline in MY2010/11, the decline in availability of price competitive wheat – exacerbated by the Russian export ban - outweighing the anticipated release of private grain stocks and of a significant volume of barley from intervention. While the higher prices are expected to see an increase in the inclusion of alternative sources of energy such as DDGs, a number of market sources also expect increased imports of feed grains into the EU27 in MY2009/10. While it is not surprising that increased imports of corn are expected in MY2009/10, of more interest is the view of a number of market sources, not yet reflected in the PSD, that imports of U.S. origin sorghum are a possibility.

PSDs

Wheat EU-27	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Harvested	26,983	26,508	26,520	25,722	25,750	25,750	25,633	25,750	25,650
Beginning Stocks	12,343	12,343	12,343	18,379	18,238	18,243	15,074	15,423	15,928
Production	151,114	150,473	150,478	138,195	138,185	138,185	137,506	142,500	135,500
MY Imports	7,740	7,740	7,740	5,500	5,500	5,500	6,000	6,500	5,000
TY Imports	7,740	7,740	7,740	5,500	5,500	5,500	6,000	6,500	5,000
TY Imp. from U.S.	689	689	689	0	0	0	0	0	0
Total Supply	171,197	170,556	170,561	162,074	161,923	161,928	158,580	164,423	156,428
MY Exports	25,318	25,318	25,318	21,500	21,000	21,500	24,000	21,500	22,000
TY Exports	25,318	25,318	25,318	21,500	21,000	21,500	24,000	21,500	22,000
Feed and Residual	61,000	60,500	60,500	58,000	58,000	56,500	55,000	58,000	53,000
FSI Consumption	66,500	66,500	66,500	67,500	67,500	68,000	69,500	69,500	69,500
Total Consumption	127,500	127,000	127,000	125,500	125,500	124,500	124,500	127,500	122,500
Ending Stocks	18,379	18,238	18,243	15,074	15,423	15,928	10,080	15,423	11,928
Total Distribution	171,197	170,556	170,561	162,074	161,923	161,928	158,580	164,423	156,428
Yield	6.	6.	5.6741	5.	5.	5.3664	5.	6.	5.2827

Barley EU-27	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Harvested	14,505	14,499	14,566	13,853	13,852	13,852	12,740	12,700	12,700
Beginning Stocks	5,705	5,705	5,705	10,859	11,035	10,855	14,364	14,937	14,357
Production	65,452	65,628	65,448	61,255	61,252	61,252	54,827	56,000	54,500
MY Imports	299	299	299	150	150	150	150	150	150
TY Imports	175	175	175	150	0	150	150	150	150
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	71,456	71,632	71,452	72,264	72,437	72,257	69,341	71,087	69,007
MY Exports	3,597	3,597	3,597	1,400	1,000	1,400	4,600	2,250	3,000
TY Exports	2,374	2,374	2,374	2,400	0	2,100	4,600	2,250	3,000
Feed and Residual	41,500	41,500	41,500	41,500	41,500	41,500	45,000	42,000	42,500
FSI Consumption	15,500	15,500	15,500	15,000	15,000	15,000	15,500	15,500	15,500
Total Consumption	57,000	57,000	57,000	56,500	56,500	56,500	60,500	57,500	58,000
Ending Stocks	10,859	11,035	10,855	14,364	14,937	14,357	4,241	11,337	8,007
Total Distribution	71,456	71,632	71,452	72,264	72,437	72,257	69,341	71,087	69,007
Yield	5.	5.	4.4932	4.	4.	4.4219	4.	4.	4.2913

Corn EU-27	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Harvested	8,785	8,854	8,989	8,291	8,292	8,292	8,065	8,050	8,050
Beginning Stocks	4,362	4,362	4,362	5,683	6,360	6,112	4,206	4,860	3,862
Production	62,321	62,998	62,250	55,773	55,750	57,000	55,954	56,500	55,500
MY Imports	2,743	2,743	2,743	2,500	2,500	2,500	3,000	2,500	3,000
TY Imports	2,743	2,743	2,743	2,500	2,500	2,500	3,000	2,500	3,000
TY Imp. from U.S.	41	41	41	0	0	0	0	0	0
Total Supply	69,426	70,103	69,355	63,956	64,610	65,612	63,160	63,860	62,362
MY Exports	1,743	1,743	1,743	1,250	1,250	1,250	1,000	1,250	1,250
TY Exports	1,743	1,743	1,743	1,250	1,250	1,250	1,000	1,250	1,250
Feed and Residual	47,500	47,500	47,000	43,500	43,500	45,500	43,500	43,000	43,000
FSI Consumption	14,500	14,500	14,500	15,000	15,000	15,000	15,000	15,000	15,000
Total Consumption	62,000	62,000	61,500	58,500	58,500	60,500	58,500	58,000	58,000
Ending Stocks	5,683	6,360	6,112	4,206	4,860	3,862	3,660	4,610	3,112
Total Distribution	69,426	70,103	69,355	63,956	64,610	65,612	63,160	63,860	62,362
Yield	7.	7.	6.9251	7.	7.	6.8741	7.	7.	6.8944

Rye EU-27	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Harvested	2,74 6	2,75 0	2,74 8	2,69 5	2,67 7	2,67 7	2,63 8	2,60 0	2,60 0
Beginning Stocks	1,01 3	1,01 3	1,01 3	1,44 4	1,46 5	1,45 4	1,56 0	1,54 8	1,68 7
Production	9,23 6	9,25 7	9,24 6	9,30 6	9,27 3	9,27 3	8,49 2	8,90 0	8,70 0
MY Imports	9	9	9	10	10	10	10	10	10
TY Imports	8	8	8	10	10	10	10	10	10
TY Imp. from U.S.	2	2	2	0	0	0	0	0	0
Total Supply	10,2 58	10,2 79	10,2 68	10,7 60	10,7 48	10,7 37	10,0 62	10,4 58	10,3 97
MY Exports	114	114	114	100	100	100	200	100	100
TY Exports	114	114	114	100	0	0	200	100	100
Feed and Residual	3,85 0	3,85 0	3,85 0	4,15 0	4,15 0	4,00 0	3,90 0	3,90 0	3,90 0
FSI Consumption	4,85 0	4,85 0	4,85 0	4,95 0	4,95 0	4,95 0	5,00 0	5,00 0	5,00 0
Total Consumption	8,70 0	8,70 0	8,70 0	9,10 0	9,10 0	8,95 0	8,90 0	8,90 0	8,90 0
Ending Stocks	1,44 4	1,46 5	1,45 4	1,56 0	1,54 8	1,68 7	962	1,45 8	1,39 7
Total Distribution	10,2	10,2	10,2	10,7	10,7	10,7	10,0	10,4	10,3

	58	79	68	60	48	37	62	58	97
Yield	3.	3.	3.36 46	3.	3.	3.46 4	3.	3.	3.34 62

Sorghum EU-27	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Harvested	96	99	101	119	119	119	116	115	115
Beginning Stocks	71	71	71	33	66	62	18	46	22
Production	516	549	545	615	615	615	632	630	610
MY Imports	359	359	359	5	25	5	50	50	50
TY Imports	66	66	66	25	50	5	50	50	50
TY Imp. from U.S.	2	2	2	0	0	0	0	0	0
Total Supply	946	979	975	653	706	682	700	726	682
MY Exports	8	8	8	5	5	5	5	5	5
TY Exports	4	4	4	5	5	5	5	5	5
Feed and Residual	900	900	900	625	650	650	650	650	650
FSI Consumption	5	5	5	5	5	5	5	5	5
Total Consumption	905	905	905	630	655	655	655	655	655
Ending Stocks	33	66	62	18	46	22	40	66	22
Total Distribution	946	979	975	653	706	682	700	726	682
Yield	5.	6.	5.396	5.	5.	5.1681	5.	5.	5.3043

Oats EU-27	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Harvested	2,993	3,000	3,023	2,908	2,850	2,850	2,794	2,700	2,700
Beginning Stocks	625	625	625	1,012	1,015	923	1,009	970	1,028
Production	8,975	8,978	8,886	8,517	8,400	8,400	8,182	8,200	7,850
MY Imports	4	4	4	5	5	5	5	5	5
TY Imports	4	4	4	5	5	5	5	5	5
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	9,604	9,607	9,515	9,534	9,420	9,328	9,196	9,175	8,883
MY Exports	92	92	92	225	150	200	300	100	100
TY Exports	103	103	103	225	150	200	300	100	100
Feed and Residual	6,700	6,700	6,700	6,500	6,500	6,300	6,300	6,500	6,100
FSI Consumption	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Total Consumption	8,500	8,500	8,500	8,300	8,300	8,100	8,100	8,300	7,900
Ending Stocks	1,012	1,015	923	1,009	970	1,028	796	775	883
Total Distribution	9,604	9,607	9,515	9,534	9,420	9,328	9,196	9,175	8,883
Yield	3.	3.	2.9395	3.	3.	2.9474	3.	3.	2.9074

Mixed Grain EU-27	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post

Area Harvested	4,205	4,567	4,566	4,323	4,300	4,650	4,199	4,150	4,500
Beginning Stocks	992	992	992	1,217	1,292	1,440	2,008	1,792	2,740
Production	14,925	15,000	15,948	16,291	16,000	17,500	15,071	15,325	16,500
MY Imports	0	0	0	0	0	0	0	0	0
TY Imports	0	0	0	0	0	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	15,917	15,992	16,940	17,508	17,292	18,940	17,079	17,117	19,240
MY Exports	0	0	0	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0	0	0	0
Feed and Residual	13,600	13,600	14,400	14,300	14,300	15,000	14,300	14,300	15,500
FSI Consumption	1,100	1,100	1,100	1,200	1,200	1,200	1,200	1,200	1,200
Total Consumption	14,700	14,700	15,500	15,500	15,500	16,200	15,500	15,500	16,700
Ending Stocks	1,217	1,292	1,440	2,008	1,792	2,740	1,579	1,617	2,540
Total Distribution	15,917	15,992	16,940	17,508	17,292	18,940	17,079	17,117	19,240
Yield	4.	3.	3.4928	4.	4.	3.7634	4.	4.	3.6667