

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** Situation and Outlook Update

**Country:** United Kingdom

**Post:** London

**Report Category:** Grain and Feed

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**Report Highlights:**

Five months into MY2021/22 the situation and outlook for the UK grain sector is starting to become clearer. Total feed grain consumption is forecast to decline year-on-year, mainly due to reduced demand from compounders. Supply chain challenges and high input costs are leading to herd rationalization. Food, Seed and Industrial (FSI) usage of wheat is forecast higher than previously, supported by usage in the ethanol sector. As well as a switch back to domestic wheat from imported corn in MY2021/22, the UK's second biofuel plant is expected to reopen shortly. The sector is experiencing increased demand due to the move to E10 fuel in September.

## **Executive Summary**

The United Kingdom's departure from the European Union on December 31, 2020, and the Covid pandemic have both presented challenges and opportunities for the UK's agricultural sector. These include changes to consumer behavior; changes to terms of trade and increased freight costs; and, supply chain challenges, including shortages of truckers and agricultural workers. Five months into MY2021/22, the situation and outlook for the UK grain sector is starting to become clearer.

Total feed grain consumption is forecast to decline 250,000 MT in MY2021/22, mainly due to reduced demand from compounders. The livestock sector, principally cattle and swine, is experiencing some rationalization due to labor and logistical challenges in the supply chain due to an ongoing shortage of abattoir and food processing workers, and truck drivers. Many of the employees who left these sectors over the past 18 months due to post-Brexit visa requirements and Covid were European Union nationals. Rising input costs are also negatively influencing some livestock producers' decision making on restocking.

For wheat, of most interest is an increase in food, seed and industrial (FSI) usage in MY2021/22. It is forecast to rise 500,000 MT year-on-year. This is mainly due to increased industrial usage. Following Her Majesty's Government's (HMG) February 2021 announcement, the rollout of E10 fuel (gasoline containing up to 10 percent ethanol) commenced in September 2021. This has increased confidence in the UK's ethanol sector. There are two biofuel plants in the UK. Ensus incorporated additional volumes of imported corn in MY2020/21, following the reduced availability of domestic wheat, but has switched back to using mainly wheat in MY2021/22. Vivergo was closed in MY2020/21 but is expected to commence a phased reopening shortly and will also use wheat as its main input.

For barley, a post-lockdown recovery in usage by the brewing, malting and distilling industry (BMD) as compared to the previous two seasons is adding support to the FSI number. However, labor shortages in the hospitality sector, and continued Covid uncertainty, mean usage is forecast to remain below MY2018/19.

For corn, high global prices, and reduced domestic demand in both the FSI and animal feed sector, mean forecast imports are reduced marginally.

For oats, the year-on-year increase in production is not forecast to be matched by increased demand, especially exports which are forecast up year-on-year but not to the extent previously suggested. Consequently, ending stocks are now forecast to rise 80,000 MT, both year-on-year and as compared to the previous forecast.

## Appendices

Wheat Market Year Begins United Kingdom	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1795	1795	1387	1387	1750	1790
Beginning Stocks (1000 MT)	1911	1911	2438	2438	1416	1416
Production (1000 MT)	15600	15600	9658	9658	14300	14300
MY Imports (1000 MT)	1745	1745	3221	3221	2000	2000
TY Imports (1000 MT)	1745	1745	3221	3221	2000	2000
TY Imp. from U.S. (1000 MT)	26	27	13	14	0	0
Total Supply (1000 MT)	19256	19256	15317	15317	17716	17716
MY Exports (1000 MT)	1622	1622	446	446	700	700
TY Exports (1000 MT)	1622	1622	446	446	700	700
Feed and Residual (1000 MT)	7696	7705	5955	5990	7500	7350
FSI Consumption (1000 MT)	7500	7491	7500	7465	7800	7976
Total Consumption (1000 MT)	15196	15196	13455	13455	15300	15326
Ending Stocks (1000 MT)	2438	2438	1416	1416	1716	1690
Total Distribution (1000 MT)	19256	19256	15317	15317	17716	17716
Yield (MT/HA)	8.6908	8.6908	6.9632	6.9632	8.1714	7.9888

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Wheat begins in July for all countries. TY 2021/2022 = July 2021 - June 2022

Barley Market Year Begins United Kingdom	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1162	1162	1388	1388	1140	1150
Beginning Stocks (1000 MT)	1091	1091	1357	1357	992	1058
Production (1000 MT)	8048	8048	8117	8117	7200	7200
MY Imports (1000 MT)	83	83	94	94	80	90
TY Imports (1000 MT)	86	90	110	115	80	90
TY Imp. from U.S. (1000 MT)	0	0	1	1	0	0
Total Supply (1000 MT)	9222	9222	9568	9568	8272	8348
MY Exports (1000 MT)	1876	1876	1303	1303	1100	1100
TY Exports (1000 MT)	1404	1404	1300	1291	1100	1100
Feed and Residual (1000 MT)	3940	4013	5344	5267	4000	4066
FSI Consumption (1000 MT)	2049	1976	1929	1940	2045	2092
Total Consumption (1000 MT)	5989	5989	7273	7207	6045	6158
Ending Stocks (1000 MT)	1357	1357	992	1058	1127	1090
Total Distribution (1000 MT)	9222	9222	9568	9568	8272	8348
Yield (MT/HA)	6.926	6.926	5.848	5.848	6.3158	6.2609

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Barley begins in October for all countries. TY 2021/2022 = October 2021 - September 2022

Corn Market Year Begins United Kingdom	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	8	8	8	8	8	8
Beginning Stocks (1000 MT)	313	313	222	222	213	211
Production (1000 MT)	25	25	25	25	25	25
MY Imports (1000 MT)	2436	2436	3047	3050	2400	2300
TY Imports (1000 MT)	2528	2528	2850	2758	2400	2300
TY Imp. from U.S. (1000 MT)	1	3	10	11	0	0
Total Supply (1000 MT)	2774	2774	3294	3297	2638	2536
MY Exports (1000 MT)	137	137	139	139	75	100
TY Exports (1000 MT)	122	140	145	119	75	100
Feed and Residual (1000 MT)	1571	1571	1963	1968	1655	1532
FSI Consumption (1000 MT)	844	844	979	979	685	684
Total Consumption (1000 MT)	2415	2415	2942	2947	2340	2216
Ending Stocks (1000 MT)	222	222	213	211	223	220
Total Distribution (1000 MT)	2774	2774	3294	3297	2638	2536
Yield (MT/HA)	3.125	3.125	3.125	3.125	3.125	3.125

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Corn begins in October for all countries. TY 2021/2022 = October 2021 - September 2022

Oats Market Year Begins United Kingdom	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	182	182	210	210	215	200
Beginning Stocks (1000 MT)	116	116	106	106	147	147
Production (1000 MT)	1076	1076	1031	1031	1100	1100
MY Imports (1000 MT)	27	28	26	26	20	25
TY Imports (1000 MT)	28	30	25	21	20	25
TY Imp. from U.S. (1000 MT)	0	0	8	0	0	0
Total Supply (1000 MT)	1219	1220	1163	1163	1267	1272
MY Exports (1000 MT)	121	121	43	43	115	55
TY Exports (1000 MT)	112	112	40	31	115	55
Feed and Residual (1000 MT)	404	405	408	408	400	420
FSI Consumption (1000 MT)	588	588	565	565	600	567
Total Consumption (1000 MT)	992	993	973	973	1000	987
Ending Stocks (1000 MT)	106	106	147	147	152	230
Total Distribution (1000 MT)	1219	1220	1163	1163	1267	1272
Yield (MT/HA)	5.9121	5.9121	4.9095	4.9095	5.1163	5.5

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Oats begins in October for all countries. TY 2021/2022 = October 2021 - September 2022

## Attachments:

No Attachments.