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## Germany

### Grain and Feed

### German Grain Outlook

### 2007

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**Report Highlights:**

Note: Report contains new grain production data for 2007 and planting intentions for 2008. The 2007 German grain crop is now estimated at 40.5 MMT, down 350,000 MT from the previous estimate. Grain production area for 2008 harvest is expected to rise by 6.3 percent to 7.0 million hectares. Increases will occur mainly in winter wheat, rye and winter barley. Production area for silage corn for use in biogas fermenters is expected to be increased by 75,000 hectares. The increase in grain area will be primarily at the expense of rapeseed and fallow land.

Grain prices are down from the peak in September/October 2007. Wheat futures for 2008 harvest are 20 percent below current market prices. Demand exists for U.S. CGF and sorghum.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Annual Report  
Bonn [GM3]  
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## German Grain Market Situation and Outlook

### Production

Germany recently released its second official grain crop estimate for the 2007 harvest. It is now down by 350,000 tons to 40.5 million metric tons (MMT). Trade contacts have indicated that the crop estimate for grain corn seems to be on the low side. Ripening and harvesting conditions for corn have been favorable in September and October. There are reports that part of the corn planted for silage harvest may have been used for grain corn production. In general crop quality for most of the grains is reported to be average.

For the coming production season German grain experts expect that total German grain area will be increased by about 420,000 hectares or 6.3 percent.

### German Grain Crop and Area Development

	2006			2007			2008
	Area 1000 ha	Yield MT/ha	Production 1,000 MT	Area 1000 ha	Yield MT/ha	Production 1,000 MT	Area 1000 ha
Winter Wheat	3,058	7.24	22,128	2,969	6.99	20,742	
Spring Wheat	44	5.38	238	29	5.04	147	
Durums	12	5.14	62	8	5.02	38	
All Wheat	3,115	7.20	22,428	3,005	6.96	20,927	3,240.00
Rye	539	4.91	2,644	674	4.02	2,712	750.00
Winter Barley	1,483	6.37	9,451	1,437	5.82	8,360	
Spring Barley	542	4.64	2,516	496	4.27	2,119	
All Barley	2,025	5.91	11,967	1,933	5.42	10,479	2,000.00
Oats	184	4.52	830	175	4.12	723	190.00
Spring Mixed	25	4.10	102	21	3.75	78	
Winter Mixed	9	5.11	47	10	4.68	49	
Triticale	405	5.53	2,237	381	5.40	2,057	
Mixed + Tritic.	439	5.44	2,385	412	5.30	2,183	420.00
Corn	401	8.03	3,220	383	9.09	3,481	400.00
<b>Grand Total</b>	<b>6,702</b>	<b>6.49</b>	<b>43,475</b>	<b>6,583</b>	<b>6.15</b>	<b>40,505</b>	<b>7,000.00</b>
Rape Seed	1429			1546.4			1400
Sugar Beet	357.6			406			390
Potatoes	274			276			275
Silage Corn	1345.9			1475.3			1550
Fallow Land	741			645			300

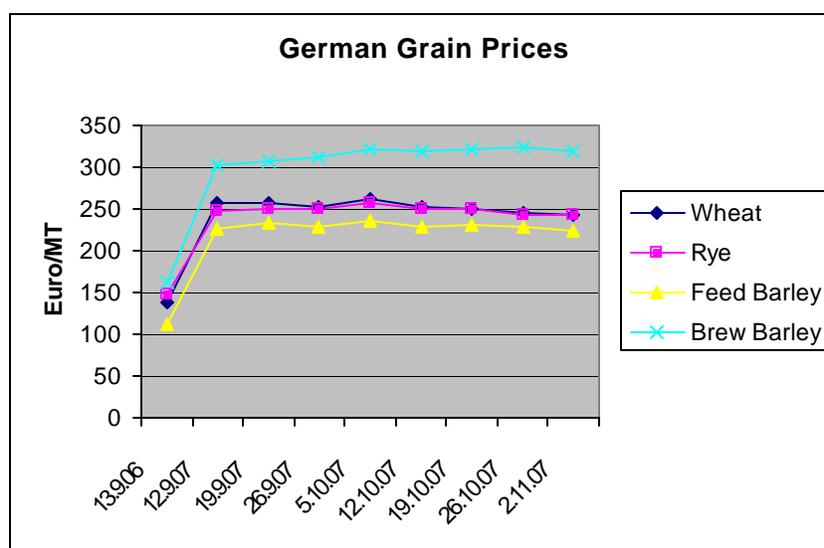
Source: German Federal Statistics Office + FAS Germany Forecast

The increase in grain area primarily comes from a significantly lowered portion of fallow land and lower rapeseed planting. Noticeable increases in production area are foreseen in winter wheat, rye, winter barley and corn for silage production. Production area for brewing barley is not expected to rise noticeably despite current high prices. Yield disadvantages overrule the higher prices. Farmers were inspired to plant more grains as result of the favorable price situation. Grain prices at the futures markets especially peaked during September/October when planting decisions were made.

The growth status of already planted grains is generally satisfactory. Moisture supplies are adequate. Some regions report increasing problems with damage from rodents due to mild temperatures during the past two winters. The increase in corn area for silage production reflects the increased demand for corn in biogas facilities.

### Prices

Since the September/October highs, wheat prices in particular have dropped noticeably; however, they are still well above the level of one year ago. Wheat futures at the Hanover market for the 2008 crop are already almost 20 percent below currently paid cash prices for 2007 wheat. The 2007 planting decisions of many farmers in Germany and also in other EU countries bear the risk that price for next year's crop will further drive down than currently reflected in futures prices. However, increased global demand and low stocks are likely to prevent that EU grain prices again dropping near intervention levels.



### Data Table for the above price Charts

	13.9.06	12.9.07	19.9.07	26.9.07	5.10.07	12.10.07	19.10.07	26.10.07
Wheat	139.17	257.6	257.09	252	261	252.25	250.21	245.92
Rye	147.5	246.75	249.17	250	257	249.3	250.08	243.33
Feed Barley	111.5	225.67	232.2	227.78	235	229.4	230.08	228.88
Brewing Barley	160.83	302	308.33	311.75	321	319.83	321.38	322.63

Source and Copyright: ZMP GmbH, Bonn, <http://www.zmp.de>

According to grain trade contacts, the domestic grain processing industry currently seems to be sufficiently supplied. New demand is expected for early 2008. Activity in the domestic markets is at the moment rather slow. Reportedly processors do not have great interest to conclude forward contracts since they are speculating with falling prices.

## Trade

Interest in imported corn from Brazil has been rather strong during September/October but slowed down as the domestic corn harvest progressed. German imports of non-biotech corn from Brazil amounted to only 16,310 tons during Oct06-Aug07. During September and October 2007, imports of Brazilian corn has been quite intense, however, official trade data are not yet available. The prime suppliers for corn in Germany are Hungary, France and the Czech Republic. The excellent domestic corn production has taken pressure off of the market. Market interest also exists for CGF since limited volume of old crop shipments from the United States has become available since the EU recently approved three new biotech corn events. Traders estimate that about 300,000 tons of U.S. CGF are on their way to Europe. Main target countries are Ireland, the Netherlands and Germany.

There is also a lot of talk about imports of U.S. sorghum. Traders expect total exports to Germany may reach about 200,000 tons. The short German grain crop of 2007 will be complemented by increased imports of tapioca and soybean meal. However, a significantly improved harvest of grass and corn silage dampens the need for grain imports.