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Germany

Grain and Feed

2001 Grain Crop Forecast

2001

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Report Highlights:
German grain crop 2001 is estimated at a record high of almost 50 million tons. Grain feeding and sales into intervention storage are forecast to rise in MY2001/02. German grain sales to other EU countries are expected to rise because of shorter crops in most other EU countries. However, increased competition from central and eastern European grain producers endanger German grain sales into Mediterranean and Neareast markets.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
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Executive Summary

German farmers harvested a record grain crop of nearly 50 million tons this summer. The grains are of overall good quality and of low moisture during harvest. Markets are relatively inactive by the end of the harvest since many farmers speculate on higher prices due to shorter crops in other EU countries and in North America. German grain sales into intervention stocks are forecast to nearly double in MY2001/02 compared to the previous MY. Domestic feed use of grains is expected to rise by about 600,000 tons to a total of 23.25 million tons

Production

The German Federal Ministry for Consumer Protection, Food and Agriculture reports in its first official estimate a bumper grain crop of close to 50 million tons which is 4.66 million tons more than in crop year 2000 - plus 10.3 pct. Actually, FAS Bonn forecast already expected a record crop of 47.2 million tons for Germany but still fell 2.7 million tons short. The German Farmers Association just recently published a forecast of only 46.3 million tons.

The new record crop results from exceptionally good seeding and growing conditions for winter grains during the complete growth period. Spring grains suffered somewhat under rainy weather conditions during seeding and were often delayed by a few weeks. Average per hectare yields improved by 9.8 percent. In particular, grain yields in the eastern third of Germany improved over crop year 2000 by an average 16 percent. Only the southwestern state of Baden-Wuerttemberg reports yield reductions of 3.1 percent.

Since harvest conditions had been optimal during most of the time, most grains were harvested very dry with high falling numbers for wheat and rye. Only rains during the first half of August hampered wheat and rye harvest in northern Germany. However, the affected volume of sprout damaged wheat and barley is rather insignificant and will end up in feeding. Protein levels in wheat are in the range of a multi year average of about 13 percent. Also brewing barley seems to be of good quality. Problems with ergoty grain in rye are well below average this year and will not necessarily limit the marketing opportunities for rye.

The portion of organically produced grains is estimated at 1.2 percent. Actually, the share of organically farmed agricultural land is estimated at 3.2 pct of total farmland. Due to lower average yields and a more diverse system of crop rotation, organic grain harvest only amounts to about 600,000 tons in 2001.

Table 1: German Grain Crop Forecast 2001						
		2000			2001*	
	Area	Yield	Production		Yield	Production
	1000 ha	MT/ha	1,000 MT	1000 ha	MT/ha	1,000 MT
Winter Wheat	2,914	7.32	21,325	2,854	7.90	22,557
Spring Wheat	47	5.43	253	42	5.86	245
Durums	9	5.05	43	5	5.26	24
All Wheat	2,969	7.28	21,622	2,900	7.87	22,826
Rye	843	4.93	4,154	839	6.08	5,101
Winter Barley	1,446	6.38	9,232	1,484	7.09	10,518
Spring Barley	621	4.63	2,874	634	4.85	3,072
All Barley	2,068	5.86	12,106	2,117	6.42	13,590
Oats	237	4.59	1,087	232	4.87	1,130
Spring Mixed	29	4.29	125	27	4.42	119
Winter Mixed	10	5.38	54	8	5.66	45
Triticale	499	5.61	2,800	537	6.47	3,474
All	539	5.53	2,979	572	6.36	3,639
Corn	361	9.21	3,324	397	9.19	3,648
Grand Total	7,016	6.45	45,271	7,057	7.08	49,934
* FedMinAg Estimate						

Consumption

As a result of excellent harvesting conditions and reports about lower harvests in other EU countries, many German farmers have packed away major portions of the grain harvest. Also grain traders are speculating on rising prices during the next months. Feed consumption of grains, mainly wheat, barley, triticale and corn, is forecast to rise further due to the feeding ban of meat and bone meals, reluctance to feed fish meal and of high prices for oil meals.

Since most other EU countries report lower grain harvests for crop year 2001, German farmers and traders hope to fill in to the expected EU 'grain shortage'. The United Kingdom will be focused as a major market for high quality wheat from Germany. On the other hand, good grain crops in most of central and eastern Europe will compete for export markets with German grains.

Table 2: German Grain Intervention Takeovers					
	Wheat	Rye	Barley	Corn	Total
1993/94	923,067	735,751	1,441,656		3,100,474
1994/95	1,180,661	948,984	1,605,112		3,734,757
1995/96	11,993	952,563	729,508		1,694,064
1996/97	222,979	786,334	548,206		1,557,519
1997/98	317,367	1,937,137	2,939,059	74,499	5,268,062
1998/99	727,055	1,800,435	2,705,990		5,233,480
1999/00	197,813	1,777,054	2,845,779	19,808	4,840,454
2000/01	42,620	1,087,154	1,477,487	3,036	2,610,297
2001/02*	400,000	2,800,000	1,750,000	50,000	5,000,000
*AgCoun Forecast 2000/01					
Source: FedMinAgr					

Since most of the rye crop meets intervention criteria, offers to the intervention agency are foreseen to increase significantly to about five million tons during marketing year 2001/02, compared to 2.61 million tons in MY2000/01. It would not be surprising if up to three million tons of German rye end up in intervention stocks during this marketing year, compared to 1.06 million tons in MY 2000/01. The interest of the feed compound industry in rye is rather limited, especially since rye prices are unlikely to drop below intervention price levels. Rye has to compete with triticale which is not supported by a minimum price system but has better feeding properties than rye. Also feed barley has to compete with increased triticale supplies. It is most likely that feed use of barley will remain stable at 6.7 million tons.

Aside from normal market channels, farmers increasingly market portions of their grain harvest directly with other farmers. The internet is a helpful tool for this new business. The BSE crisis might also have inspired farmers to buy their feeds directly and prepare their own feed mixes instead of buying the heavily criticized commercial feed compounds.

By the end of the harvest, grain prices range near intervention levels. Processors filled their needs for the next few months and do not seem to see any need for additional longer term contracts due to the large size of the crop. At the moment it is hard to imagine that grain prices will recover noticeably until the opening of EU intervention buying in November. EU wide harvests are not so low to create shortages and grains from eastern Europe may enter the EU duty-free. Only stronger demand from non-EU countries has the potential to really drive prices up.

Trade

Utilization of the increased rye crop is foreseen to cause problems. In MY 2000/01 about 600,000 tons of rye were sold to central and eastern European markets, in particular Poland and Russia. Due to improved crops in these regions this year, it is unlikely that German rye will be sold into this region. Additionally, subsidized grain sales into this region bear the risk of carussell trade in so far that these countries in return will be able to compete with the EU with larger volume of other grains in other third country markets. Potential customers for German rye will be Japan, Korea and China. These countries imported about 400,000 tons in MY 2000/01.

As a result of a shorter crop of feed grains in Spain, German traders hope to sell additional volume of barley to Spanish customers. However, competition in the Mediterranean region is foreseen to be stronger during MY20001/02 due to improved crops in central and eastern Europe. This applies, in particular, to wheat but also to feed barley.

Table 3: Wheat PS+D

PSD Table						
Country	Germany					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		07/1999		07/2000		07/2001
Area Harvested	2601	2601	2970	2969	0	2900
Beginning Stocks	3830	2577	3000	2177	3400	2849
Production	19615	19615	21600	21622	0	22826
TOTAL Mkt. Yr. Imports	2000	1099	1750	1400	0	900
Jul-Jun Imports	2000	1099	1750	1400	0	900
Jul-Jun Import U.S.	0	38	0	50	0	50
TOTAL SUPPLY	25445	23291	26350	25199	3400	26575
TOTAL Mkt. Yr. Exports	6000	5931	5500	5800	0	6500
Jul-Jun Exports	6000	5931	5500	5800	0	6500
Feed Dom. Consumption	9427	6502	10250	8300	0	8600
TOTAL Dom. Consumption	16445	15183	17450	16550	0	16800
Ending Stocks	3000	2177	3400	2849	0	3275
TOTAL DISTRIBUTION	25445	23291	26350	25199	0	26575

Table 4: Rye PS+D

PSD Table						
Country	Germany					
Commodity	Rye				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		07/1999		07/2000		07/2001
Area Harvested	748	748	840	843	0	839
Beginning Stocks	4646	4039	4455	3644	3785	3813
Production	4329	4329	4150	4154	0	5101
TOTAL Mkt. Yr. Imports	80	20	80	15	0	15
Oct-Sep Imports	70	14	70	15	0	15
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	9055	8388	8685	7813	3785	8929
TOTAL Mkt. Yr. Exports	1800	2036	1800	1300	0	1200
Oct-Sep Exports	1850	2169	1800	1300	0	1200
Feed Dom. Consumption	1650	1400	1950	1400	0	1300
TOTAL Dom. Consumption	2800	2708	3100	2700	0	2600
Ending Stocks	4455	3644	3785	3813	0	5129
TOTAL DISTRIBUTION	9055	8388	8685	7813	0	8929

Table 5: Barley PS+D

PSD Table						
Country	Germany					
Commodity	Barley				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		07/1999		07/2000		07/2001
Area Harvested	2210	2210	2070	2068	0	2117
Beginning Stocks	6154	6029	5155	4463	3055	1729
Production	13301	13301	12100	12106	0	13589
TOTAL Mkt. Yr. Imports	600	519	500	680	0	400
Oct-Sep Imports	600	498	500	680	0	400
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	20055	19849	17755	17249	3055	15718
TOTAL Mkt. Yr. Exports	4500	4545	5000	5000	0	3500
Oct-Sep Exports	4500	5769	4400	4500	0	3500
Feed Dom. Consumption	7000	6823	6500	6700	0	6600
TOTAL Dom. Consumption	10400	10841	9700	10520	0	10450
Ending Stocks	5155	4463	3055	1729	0	1768
TOTAL DISTRIBUTION	20055	19849	17755	17249	0	15718

Table 6: Mixed Grains PS+D

PSD Table						
Country	Germany					
Commodity	Mixed Grain				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		07/1999		07/2000		07/2001
Area Harvested	436	436	540	539	0	572
Beginning Stocks	0	231	0	170	0	181
Production	2611	2611	3000	2979	0	3637
TOTAL Mkt. Yr. Imports	0	3	0	2	0	5
Oct-Sep Imports	0	3	0	2	0	5
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	2611	2845	3000	3151	0	3823
TOTAL Mkt. Yr. Exports	0	77	0	70	0	150
Oct-Sep Exports	0	59	0	90	0	150
Feed Dom. Consumption	2469	2377	2900	2650	0	3150
TOTAL Dom. Consumption	2611	2598	3000	2900	0	3450
Ending Stocks	0	170	0	181	0	223
TOTAL DISTRIBUTION	2611	2845	3000	3151	0	3823

Table 7: Oats PS+D

PSD Table						
Country	Germany					
Commodity	Oats				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		07/1999		07/2000		07/2001
Area Harvested	268	268	235	237	0	232
Beginning Stocks	274	240	218	237	153	169
Production	1339	1339	1100	1087	0	1131
TOTAL Mkt. Yr. Imports	60	74	60	110	0	50
Oct-Sep Imports	60	85	60	110	0	50
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	1673	1653	1378	1434	153	1350
TOTAL Mkt. Yr. Exports	25	27	25	25	0	30
Oct-Sep Exports	25	28	25	25	0	30
Feed Dom. Consumption	1000	1032	800	880	0	800
TOTAL Dom. Consumption	1430	1389	1200	1240	0	1150
Ending Stocks	218	237	153	169	0	170
TOTAL DISTRIBUTION	1673	1653	1378	1434	0	1350

Table 8: Corn PS+D

PSD Table						
Country	Germany					
Commodity	Corn				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		07/1999		07/2000		07/2001
Area Harvested	371	371	365	361	0	397
Beginning Stocks	446	617	640	712	890	606
Production	3257	3257	3250	3324	0	3648
TOTAL Mkt. Yr. Imports	1000	1024	1100	950	0	900
Oct-Sep Imports	1000	894	1100	1000	0	900
Oct-Sep Import U.S.	0	11	0	12	0	15
TOTAL SUPPLY	4703	4898	4990	4986	890	5154
TOTAL Mkt. Yr. Exports	450	460	400	580	0	600
Oct-Sep Exports	450	478	400	600	0	600
Feed Dom. Consumption	2650	2565	2700	2700	0	2800
TOTAL Dom. Consumption	3613	3726	3700	3800	0	3900
Ending Stocks	640	712	890	606	0	654
TOTAL DISTRIBUTION	4703	4898	4990	4986	0	5154