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Below Average Temperatures in Late Spring Help Spanish Cereal Crop

Report Categories:

Grain and Feed

Oilseeds and Products

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Report Highlights:

Good yields are expected for most of Spain's grain growing regions. Official and industry sources concur in the production increase compared to last season. Higher production in Spain along with increased pasture availability will diminish feed grain dependency on imports and boost the use of domestically grown grains at the expenses of imports. Nevertheless, there could be import opportunities in those market niches where higher quality specifications are required.

General Information:

Abbreviations used in this report:

MT Metric ton (1,000 kg)

TMT Thousand Metric Tons

MMT Million Metric Tons

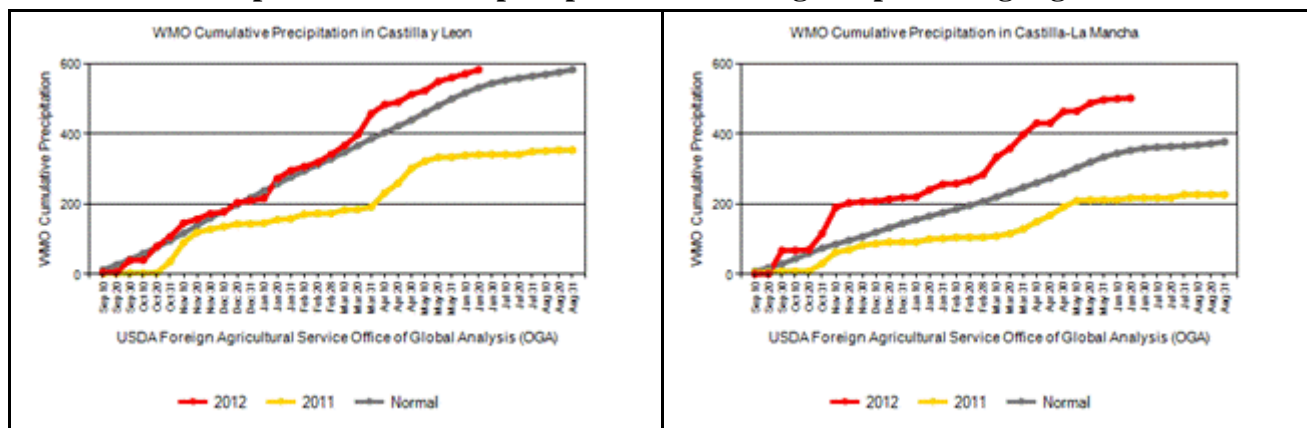
MY Marketing year (November/October)

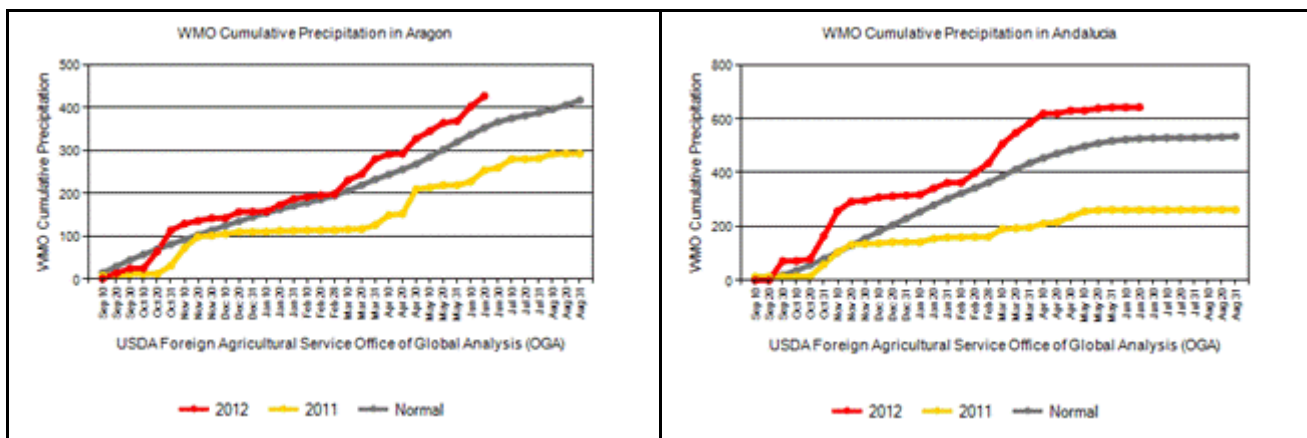
Ha Hectares

While planting conditions for winter grains were optimal, record precipitation levels during the growing season have been registered and below average temperatures prevailed at the end of the spring. The aftermath of this weather pattern is a delayed crop that has had little time to mature especially in the south of the country, whereas in the northern half, the crop has benefited from improved soil water reservoirs and mild temperatures in key development stages. An overall good crop is anticipated, with better prospects in the north, compared to the south where harvest is already well-advanced.

In MY2013/14 precipitations have reached record levels in most of the grain and oilseed producing regions in Spain (**Graph 1**), which caused nearly a three weeks delay in the crop development and sparked concerns on the arable crops' phytosanitary status.

Graph 1. Cumulative precipitation in main grain producing regions.

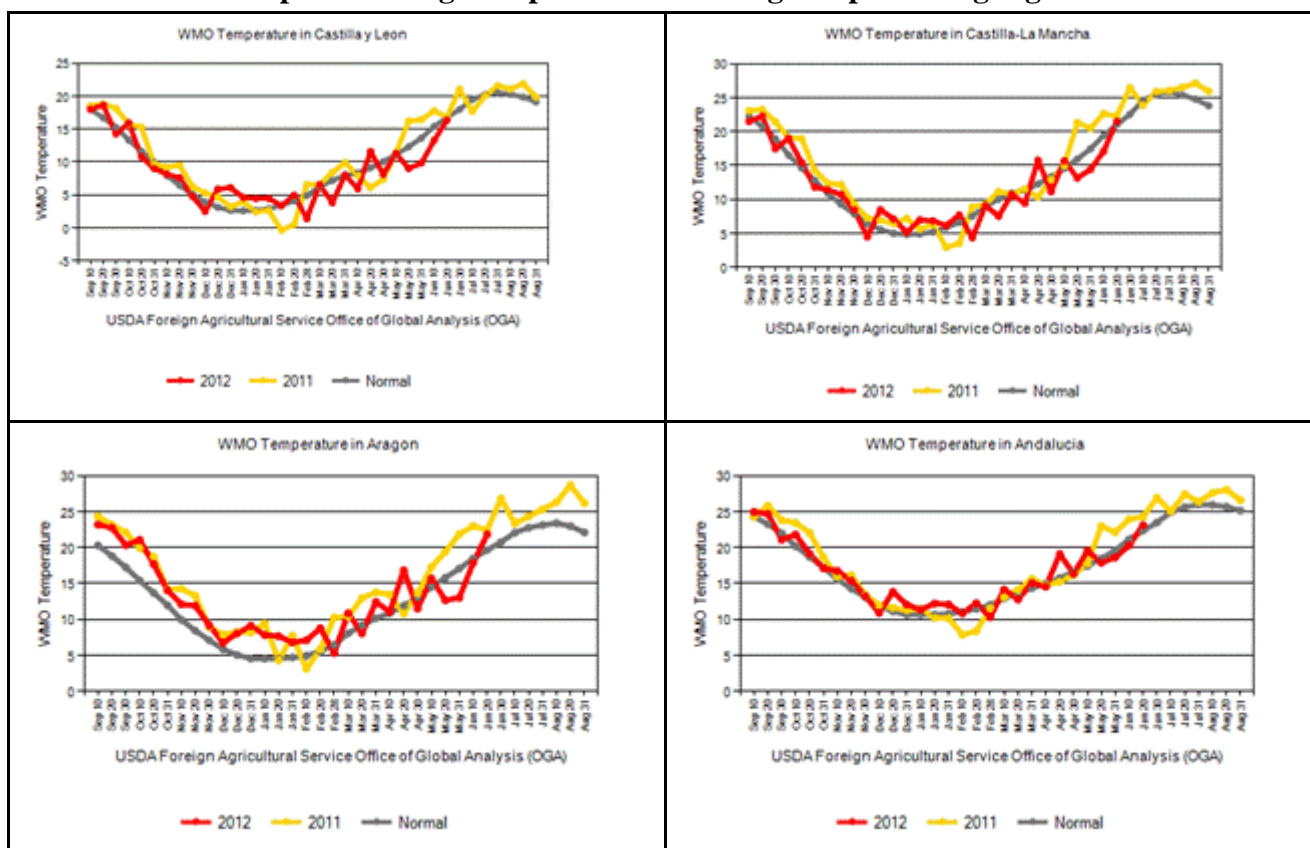




Source: IPAD/Foreign Agricultural Service/USDA

Below average temperatures registered during May and June (**Graph 2**) allowed winter grains to make up for the development delay.

Graph 2. Average temperature in main grain producing regions.



Source: IPAD/Foreign Agricultural Service/USDA

As for spring crops, record rainfall levels have significantly improved the subsoil humidity and encouraged area increases, but at the same time persistent rains delayed plantings that shortened crop

cycles, which ultimately could have an impact in the final yields of spring crops.

Area and Production

Total area planted to winter grains in Spain increased for the second consecutive year, registering a year-on increase of 1.6% in MY2013/14 (**Table 1**), as a response to the lower production in MY2012/13, which ended up with significantly low end of season stocks.

Table 1. Spain's Winter Grain Area MY2013/14 (1,000 Ha)

Crop	MY2011/12	MY2012/13	MY2013/14
Wheat	1,993	2,169	2,203
Barley	2,698	2,676	2,714
Oats	491	442	451
Rye	149	160	163
Triticale	82	118	126
Total Winter Grains	5,413	5,565	5,657

Source: MAGRAMA. Ministry of Agriculture, Food and Environment. Avance de Superficies. April 2013.

Good yields are projected for most of Spain's grain growing regions. While official statistical data project a production of 15,909 TMT of grains, which represents a 30% increase compared to last season total winter grains official output (12,216 TMT), industry sources are more optimistic. The latest estimates produced by the Spanish Agricultural Cooperatives Association pegs grain production at 18,341 TMT, while the Spanish Grain Merchants Association (ACCOE) estimates that winter grain production could amount to 19,857 TMT.

Table 2. Spain's Winter Grain Production MY2013/14 (1,000 MT)

Crop	MAGRAMA	ACCOE	COOPERATIVES
Wheat	6,610	7,965	7,575
Barley	7,856	10,075	8,892
Oats	823	994	1,032
Rye	351	442	450
Triticale	269	381	392
Total Winter Grains	15,909	19,857	18,341

Source: MAGRAMA, ACCOE and Agricultural Cooperatives Association.

Better yields are expected to be achieved in northern regions, where harvests start later in the summer. In southern grain production areas where the harvest is already well-advanced, the yields are reportedly more uneven.

While the persistent rains played a role in the appearance of phytosanitary issues, this has not had a significant impact on the crop size. In regards to quality, industry sources indicate that excessive rain combined with poor fertilization has provoked a reduction in the grain's protein content, on the contrary, good specific weight levels have been achieved.

Barley early production data are not very good in southern regions; nevertheless, yield expectations are very high in the northern half of the country, where most of the barley is grown. Protein levels are reportedly low, however depending on the protein levels obtained in the northern half of the country; domestic barley could still be enough to meet the requirements of malting barley industry that consumes about 600 TMT of barley a year, which ranges from 9.5 to 11.5% of protein content.

Overall **soft wheat** yields are expected to be high; however, industry sources are concerned about the protein levels that might have been affected by the significant precipitation levels and limited fertilization. This situation could increase trade opportunities for high protein wheat originated in third countries.

Uneven **durum wheat** yields have been registered in Andalucía, only lighter-textured soil plots show better yields. Regarding quality, low protein levels are anticipated, as record precipitation washed out the soil nutrients and impeded proper spring fertilization. Also, in some producing areas poor vitreosity has been reported. Part of the durum harvest will be used for feed purposes or grazed directly. The quality concerns early mentioned could diminish Spain's durum wheat competitiveness in EU markets and open the door to durum wheat imports.

Corn area is also projected to grow compared to last season by nearly 3% as water dams have been replenish and no irrigation restrictions are anticipated. Current official estimates peg area planted to corn at 398 thousand hectares (in MY2012/13 corn area amounted to 387 thousand hectares). As rains in March caused a delay in plantings, we estimate that yields will be not reach record levels.

Area planted to **sunflower** is anticipated to grow by nearly 10 percent compared to last season (831 thousand hectares in MY2013/14, versus 761 thousand hectares in MY2012/13), when dry soil conditions prevented farmers from planting this oilseed. Subsoil moisture, which is critical for sunflower cultivation as it is mainly grown in non-irrigated land, should allow for a good crop development. However, delayed plantings, along with high temperatures coinciding with planting operations in the south, impacted crop establishment which could contribute to limit sunflowers' yield potential.

Consumption and Trade

Spain's grain import needs range from 9 to 12 MMT depending on the domestic supply and the feed

grain demand, which has been fairly stable throughout the past five marketing years. The anticipated larger crop and the abundant pasture available will likely reduce Spain's grain import requirements.

In terms of the type of grain preferred, feed use of **corn** is expected to remain high. However, higher availability of domestic **barley**, as barley trade, in a normal year, is limited to a few commercial exchanges with Southern France, while result in higher use of barley in feed compared to last season's figures. A marginal rebound in **wheat** use is also anticipated based on the higher domestic availability.

Related Reports

Report	Date Released
Arable Crops Hold Potential despite Record Precipitation	04/26/2013
EU-27 Grain and Feed Annual	04/10/2013