

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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### **Crop update - tight outlook despite improved production forecast**

**Report Categories:**

Grain and Feed

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**Report Highlights:**

The total MY2017/18 EU-28 grain crop is revised up 2 MMT to 304 MMT, due to improved outlooks for both the wheat and corn crops. For wheat, year-on-year increases are reported in a number of Member States, several of which have seen better wheat harvests than previously forecast, but the changes on both fronts are most significant for France where their wheat crop is now forecast to be the second largest on record. For corn, Romania's crop is larger than previously forecast following good crop development. Overall, the EU28 grain balance still looks tight, with a very limited forecast recovery in stocks following the 5 MMT decline in MY2016/17.

## **General Information:**

Unless stated otherwise, data in this report is based on the views of Foreign Agricultural Service analysts in the EU-28 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-28 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

The total MY2017/18 EU-28 grain crop is revised up 2 MMT to 304 MMT, 6.4 MMT higher than MY2016/17. The MY2016/17 total grain balance is little changed on the previous forecast, albeit the decline in ending stocks is reduced 800,000 MT mainly due to slight revisions to the imports and feed numbers. With EU-28 MY2017/18 opening stocks still down 5 MMT year-on-year and at a low not seen previously, the focus is now on likely usage. EU28 domestic consumption – food, feed, seed and industrial use – is currently forecast little changed year-on-year so, while the improved production forecast will be welcome, the spotlight is on the trade balance. This is currently forecast to widen year-on-year by about 500,000 MT, the forecast for imports, albeit up year-on-year, lowered slightly and that for exports increased both year-on-year and on the previous forecast. This scenario sees total grain stocks little changed in MY2017/18 and the balance remaining tight into MY2018/19.

## Crop specific

Forecast EU-28 wheat production is up 1 MMT to 152.5 MMT, up nearly 7.5 MMT on MY2016/17 but still nearly 8 MMT below MY2015/16. The most significant year-on-year increase is in France (up 10.85 MMT) following their very poor crop in MY2016/17. The forecast is also an upward revision on the previous number, following a good harvest. The UK (800,000 MT) and Poland (700,000 MT) are also expecting larger crops than previously forecast and year-on-year following improved yields. However, the quality of the crop in Poland is reported lower than in MY2016/17, rain causing significant delays of up to a month at harvest, leading to excessive moisture content and sprouting. The weather also delayed the harvests in the Baltics. Yield is reported up year-on-year in all three countries and MY2017/18 production has been increased in all three but, unlike Poland, quality is not reported to have been detrimentally affected. For the second year running, Bulgaria has recorded a record wheat crop. This is contrary to earlier expectations but the use of new (mainly imported French and Austrian) genetics is seemingly revolutionizing production in the country with the expectation that this is the new norm. Quality is also reported to be excellent. Finally, the Romanian wheat crop developed well after a poor start. While early forecasts were for a decline in production, recent revisions put the crop up about 5 percent based on a better than expected yield. While some other Member States have also harvested larger crops than in MY2016/17, these are in line with previous expectations. It is, however, not all positive. The Czech Republic (down 800,000 MT), Italy (1.1 MMT) and Spain (2.9 MMT) were all expected to harvest less wheat than in MY2016/17, but the former is worse than previously forecast. Interestingly, Hungary's wheat crop, while down year-on-year due to a significant decline in the planted area has not proved as bad as previously thought while Germany's wheat crop, which had been forecast to increase slightly, is now thought to have declined, negatively impacted by difficult conditions towards the end of harvest.

On the wheat demand side, Food, Seed & Industrial (FSI) is now forecast unchanged year-on-year, putting the focus on feed use and exports. Despite the improved size of the wheat crop, quality concerns and expected competition from the Black Sea means the previous export forecast is reduced to unchanged on MY2016/17 and feed use is now forecast to rise 1MMT year-on-year in MY2017/18. With the forecast increase in imports reduced marginally, wheat stocks are currently forecast to recover 2 MMT after their near 5MMT decline in MY2016/17.

MY2016/17 EU-28 corn production is revised to 61.5 MMT, up just over 400,000 MT on the previous expectation. Forecast MY2017/18 production is also raised but by nearly 1 MMT, meaning the year-on-year decrease falls to just 1 MMT. Within this total, a much improved outlook for the size of the Romanian, and to a lesser extent Bulgarian and German, crops is partially offset by declines elsewhere, most notably for the Hungarian crop. After an excellent MY2016/17, Hungary had high hopes for MY2017/18 but severe drought ravaged the crop in the summer and production is forecast to have declined nearly 25 per cent on an unchanged planted area, decreasing the country's intra-EU exports due to buoyant demand from its industrial sector. In contrast, the larger than expected Romanian crop is forecast to support its extra-EU exports. Overall, and despite a slight increase in extra-EU imports of corn, the total EU-28 MY2017/18 crop balance is now expected to see an increased tightening of stocks, offsetting some of the increase for wheat.

## Appendices

Wheat Market Begin Year	2015/2016		2016/2017		2017/2018	
	Jul 2015		Jul 2016		Jul 2017	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	26827	26821	27307	27250	26624	26450
Beginning Stocks	12697	12697	15557	15843	10487	11010
Production	160480	160455	145466	145200	151489	152500
MY Imports	6916	6919	5275	5286	6500	6000
TY Imports	6916	6919	5275	5286	6500	6000
TY Imp. from U.S.	895	878	708	742	0	0
Total Supply	180093	180071	166298	166329	168476	169510
MY Exports	34686	34723	27311	27319	28500	27500
TY Exports	34686	34723	27311	27319	28500	27500
Feed and Residual	59000	59000	56500	56000	56500	57000
FSI Consumption	70850	70505	72000	72000	71750	72000
Total Consumption	129850	129505	128500	128000	128250	129000
Ending Stocks	15557	15843	10487	11010	11726	13010
Total Distribution	180093	180071	166298	166329	168476	169510
Yield	5.982	5.9824	5.3271	5.3284	5.6899	5.7656

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

Corn Market Begin Year	2015/2016		2016/2017		2017/2018	
	Oct 2015		Oct 2016		Oct 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Area Harvested	9255	9252	8574	8575	8588	8500
Beginning Stocks	9626	9626	6693	6757	7088	7485
Production	58748	58775	61095	61500	59585	60500
MY Imports	13768	13795	14800	15249	16000	16000
TY Imports	13768	13795	14800	15249	16000	16000
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	82142	82196	82588	83506	82673	83985
MY Exports	1949	1949	2000	2171	1500	2500
TY Exports	1949	1949	2000	2171	1500	2500
Feed and Residual	55500	55500	54900	55000	56000	56000
FSI Consumption	18000	17990	18600	18850	18700	19000
Total Consumption	73500	73490	73500	73850	74700	75000
Ending Stocks	6693	6757	7088	7485	6473	6485
Total Distribution	82142	82196	82588	83506	82673	83985
Yield	6.3477	6.3527	7.1256	7.172	6.9382	7.1176

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

Barley Market Begin Year	2015/2016		2016/2017		2017/2018	
	Jul 2015		Jul 2016		Jul 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Area Harvested	12248	12224	12308	12300	12360	12250
Beginning Stocks	5834	5834	6060	6014	5644	5671
Production	62095	62048	59855	59750	58963	58750
MY Imports	292	292	398	399	400	400
TY Imports	315	315	450	450	350	350
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	68221	68174	66313	66163	65007	64821
MY Exports	10786	10830	5669	5667	6200	7000
TY Exports	8603	8603	5400	5400	6200	7000
Feed and Residual	36500	36500	40100	40000	38700	38000
FSI Consumption	14875	14830	14900	14825	14900	14850
Total Consumption	51375	51330	55000	54825	53600	52850
Ending Stocks	6060	6014	5644	5671	5207	4971
Total Distribution	68221	68174	66313	66163	65007	64821
Yield	5.0698	5.0759	4.8631	4.8577	4.7705	4.7959

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

Rye Market Begin Year	2015/2016		2016/2017		2017/2018	
	Jul 2015		Jul 2016		Jul 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Area Harvested	1961	1956	1901	1900	1975	1950
Beginning Stocks	1386	1386	1084	1131	815	971
Production	7833	7798	7491	7450	7580	7450
MY Imports	51	50	16	16	50	50
TY Imports	50	50	40	40	50	50
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	9270	9234	8591	8597	8445	8471
MY Exports	161	160	76	76	100	100
TY Exports	160	160	125	125	100	100
Feed and Residual	4050	4100	3900	3800	3900	3700
FSI Consumption	3975	3843	3800	3750	3700	3750
Total Consumption	8025	7943	7700	7550	7600	7450
Ending Stocks	1084	1131	815	971	745	921
Total Distribution	9270	9234	8591	8597	8445	8471
Yield	3.9944	3.9867	3.9406	3.9211	3.838	3.8205

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

Oats Market Begin Year	2015/2016		2016/2017		2017/2018	
	Jul 2015		Jul 2016		Jul 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Area Harvested	2502	2505	2561	2560	2627	2630
Beginning Stocks	770	770	720	691	607	577
Production	7554	7524	8034	8030	8002	8120
MY Imports	9	9	4	4	5	5
TY Imports	9	9	5	5	5	5
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	8333	8303	8758	8725	8614	8702
MY Exports	213	212	151	148	200	200
TY Exports	220	220	200	200	200	200
Feed and Residual	5700	5700	6300	6300	6100	6100
FSI Consumption	1700	1700	1700	1700	1700	1700
Total Consumption	7400	7400	8000	8000	7800	7800
Ending Stocks	720	691	607	577	614	702
Total Distribution	8333	8303	8758	8725	8614	8702
Yield	3.0192	3.0036	3.1371	3.1367	3.0461	3.0875

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

Sorghum Market Begin Year	2015/2016		2016/2017		2017/2018	
	Jul 2015		Jul 2016		Jul 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Area Harvested	128	144	118	133	121	132
Beginning Stocks	27	27	16	31	30	24
Production	674	727	638	690	665	710
MY Imports	117	118	168	168	150	150
TY Imports	119	119	200	200	150	150
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	818	872	822	889	845	884
MY Exports	2	2	2	2	5	2
TY Exports	2	2	5	5	5	2
Feed and Residual	780	815	770	840	780	820
FSI Consumption	20	24	20	23	20	22
Total Consumption	800	839	790	863	800	842
Ending Stocks	16	31	30	24	40	40
Total Distribution	818	872	822	889	845	884
Yield	5.2656	5.0486	5.4068	5.188	5.4959	5.3788

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

Mixed Grain Market Begin Year	2015/2016		2016/2017		2017/2018	
	Jul 2015		Jul 2016		Jul 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Area Harvested	4122	4109	3980	3950	4022	3975
Beginning Stocks	1242	1242	875	871	474	571
Production	15783	15768	15099	15000	15636	16000
MY Imports	0	0	0	0	0	0
TY Imports	0	0	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	17025	17010	15974	15871	16110	16571
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	14550	14500	14000	13750	14100	14200
FSI Consumption	1600	1639	1500	1550	1500	1575
Total Consumption	16150	16139	15500	15300	15600	15775
Ending Stocks	875	871	474	571	510	796
Total Distribution	17025	17010	15974	15871	16110	16571
Yield	3.829	3.8374	3.7937	3.7975	3.8876	4.0252

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

Rice, Milled Market Begin Year	2015/2016		2016/2017		2017/2018	
	Sep 2015		Sep 2016		Sep 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Area Harvested	437	437	441	440	442	438
Beginning Stocks	1151	1151	1181	1199	1130	1147
Milled Production	2048	2050	2069	2068	2083	2090
Rough Production	2962	2995	2981	3019	3001	3046
Milling Rate (.9999)	6914	6845	6940	6850	6940	6861
MY Imports	1804	1818	1850	1850	1900	1900
TY Imports	1816	1818	1850	1850	1900	1900
TY Imp. from U.S.	57	49	0	0	0	0
Total Supply	5003	5019	5100	5117	5113	5137
MY Exports	272	270	320	320	280	280
TY Exports	270	270	300	320	280	280
Consumption and Residual	3550	3550	3650	3650	3750	3750
Ending Stocks	1181	1199	1130	1147	1083	1107
Total Distribution	5003	5019	5100	5117	5113	5137
Yield (Rough)	6.778	6.8535	6.7596	6.8614	6.7896	6.9543

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