

● Focus on reducing resistance risk

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Forecasters predict a huge world crop

THE GLEANER

SOME welcome rain has freshened up crops, especially some of the later sown spring barley that was not looking too well.

While that has added to predictions of a good harvest ahead, information from around the world has not stopped the doom and gloom with regard to prices.

The International Grains Council's May supply and demand figures, published last week increased predictions for higher maize and wheat output. This now puts global cereal production at 2015m tonnes - or the second highest on record.

Consumption is expected to rise too, but not enough to stop year-end stocks hitting an all time high of 474m tonnes, which is a 9m tonne more than the April forecast.

World wheat production is increased to 722m tonnes, mainly due to better prospects for the Russian crop which is up 1.6m tonnes to 107m tonnes.

And, gains in the US and France have more than offset a decrease for Morocco, which is in the grip of its worst drought in 30 years.

The European Commission also increased its EU soft wheat production estimate to 145.1m tonnes, up from 142.8m tonnes. That's down to average yields for the EU-28 forecast at 5.85t/ha, which is 4.5% higher than the five-year average but lower than 2015's 6.02t/ha. Barley yields are estimated at 4.99t/ha - higher than the five-year average by 5.7%.

However, the commission lowered its outlook for 2016/17 end stocks by 500,000 tonnes to 18.4m tonnes due to higher exports and a lower carry in from the previous season.

Defra published its updated

UK cereal balance sheet last week estimating a total of 5.473m tonnes for export or stocks that will be carried into next season.

Exports were put at a conservative 2.75m tonnes, compared to a trade estimate of 3m tonnes expected to be exported by the end of June.

Our wheat exports are expected to be up 42% this season to a seven-year high and the highest since 2008/09. This would see end stocks up by only 74,000 tonnes year-on-year.

Initially, forecasters expected a slow start to the season for exports, after the UK had recorded two successive 16m-tonne harvests

for the first time.

This has bolstered trade and, while the Liffe futures in early March fell to £99.15 per tonne - the lowest price for a spot contract since June, 2010 - last week it had recovered up to £106.30 per tonne.

Also helping this was the announcement of the re-opening of the Ensus' bioethanol plant, which has an annual capacity to use more than 1m tonnes of wheat.

The 994,000 tonnes shipped in the January to March period was up 55% year-on-year and the highest for the period in 13 years.

Sterling has continued to strengthen, rising from €1.26 to over €1.31 in a week, which

has had a negative impact on OSR values and has eroded the competitiveness of cereal exports.

Harvest has already started in Spain in a few fields of barley near the Mediterranean coast and the Spanish crop is expected to be in the region of 8-9m tonnes, or a significant increase on last year's crop of just under 7m tonnes.

Forecasters are also expecting the Spanish wheat crop to be up to 5.9m tonnes and above the five-year average of 5.7m tonnes and 5.4m tonnes in 2015/16.

On the other side of the coin, Spain is expected to import a total of 4.7m tonnes of wheat, down from 5.2m tonnes in 2015. Imports

of barley for 2016/17 are expected to also drop by around 20% to 800,000 tonnes and this reduced Spanish import requirement could impact the UK, as Spain is one of the UK's biggest export destinations.

So far this season, the UK shipped 681,000 tonnes of wheat and 376,000 tonnes of barley to Spain - the largest amount of wheat shipped there since 2009/10.

Following the rare occurrence of two consecutive poor monsoon seasons in India, it is facing a second year of relatively low crop production and stock levels of the main food grains are also lower for the start of 2016/17.