

03 February 2021

Grain market update and outlook

Anthony Speight - Analyst



Brief overview

Domestic market overview

- 2020 supply
- Price and import overview

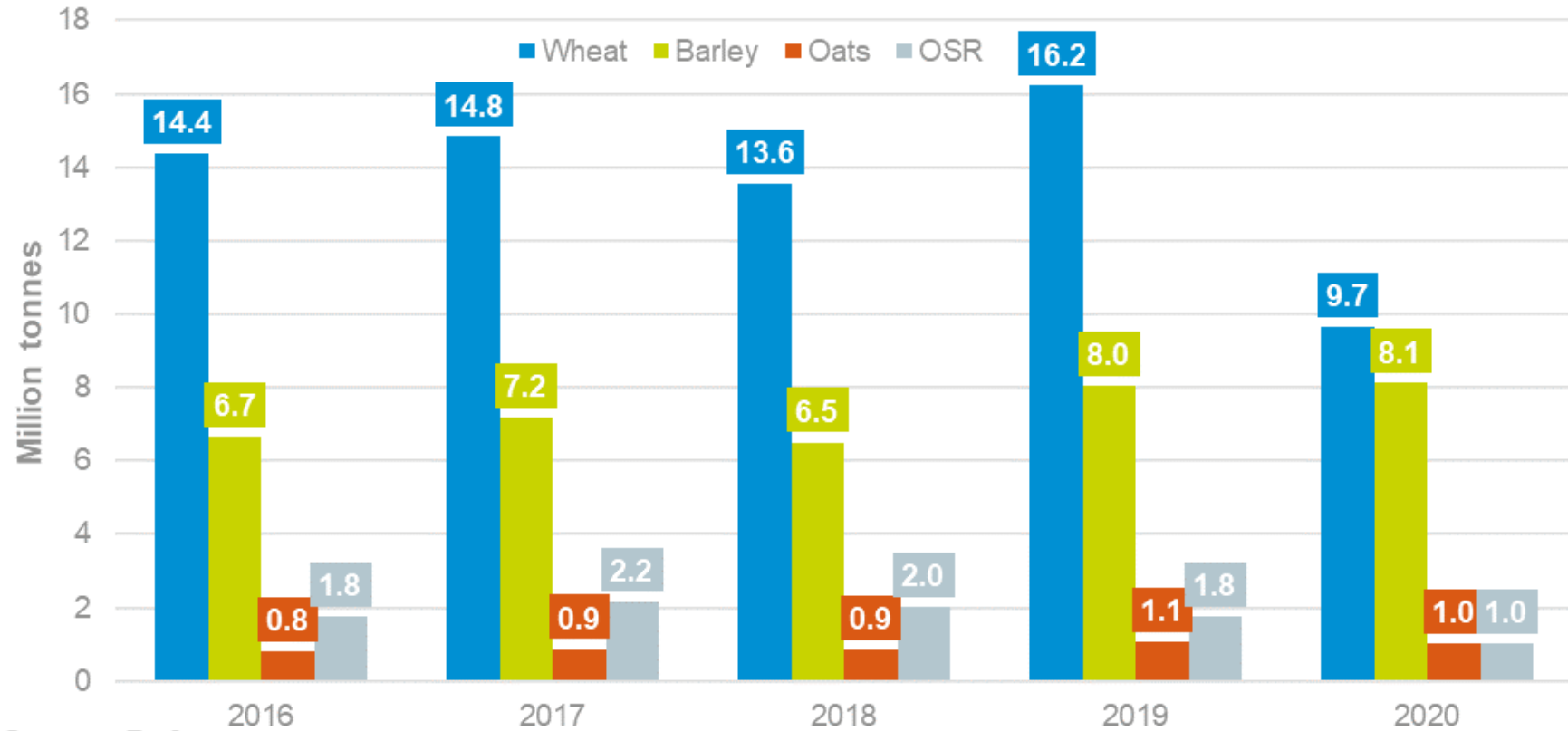
Global fundamentals

- What has been driving the support in global grain markets?

What does this mean for 2021/22?

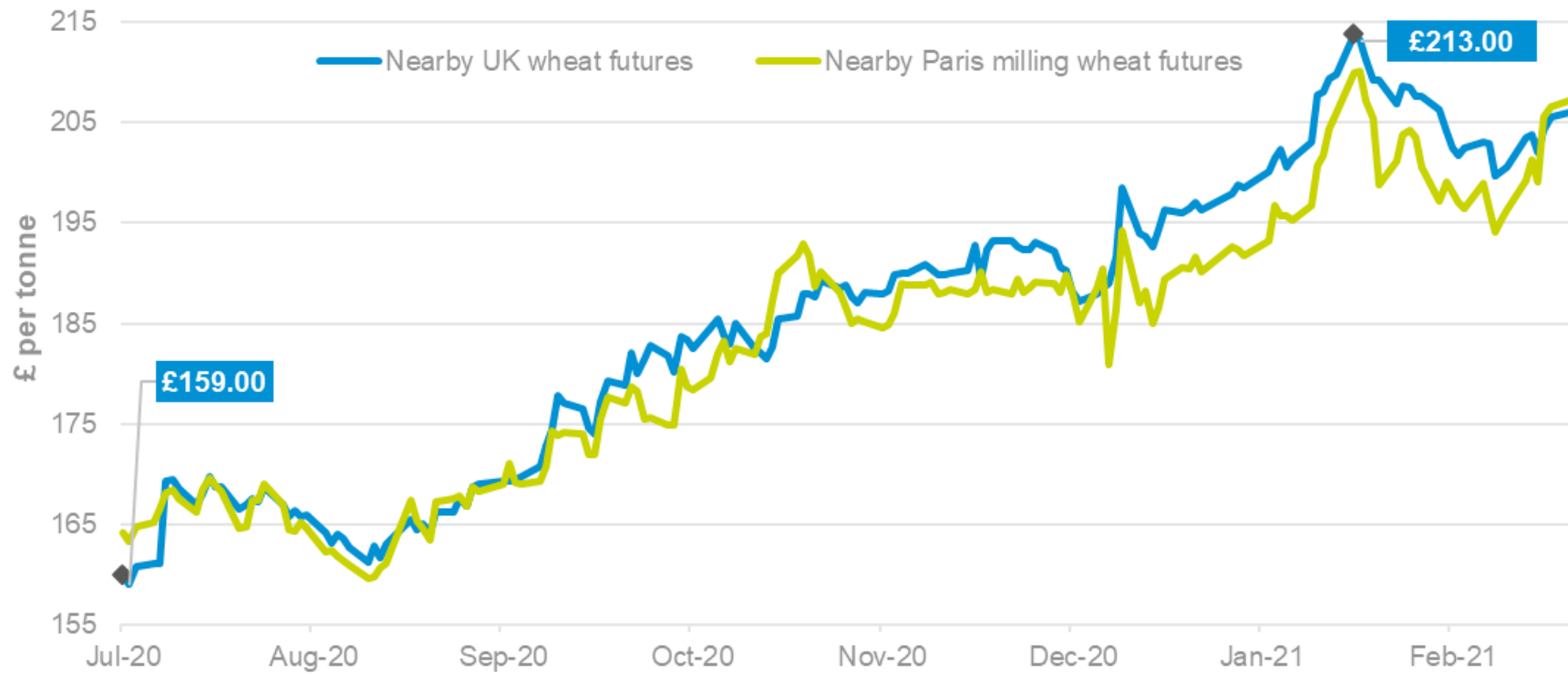
- Looking at the potential supply and demand outlook for the UK.
- Key global watchpoints

UK supply outlook from 2020 harvest



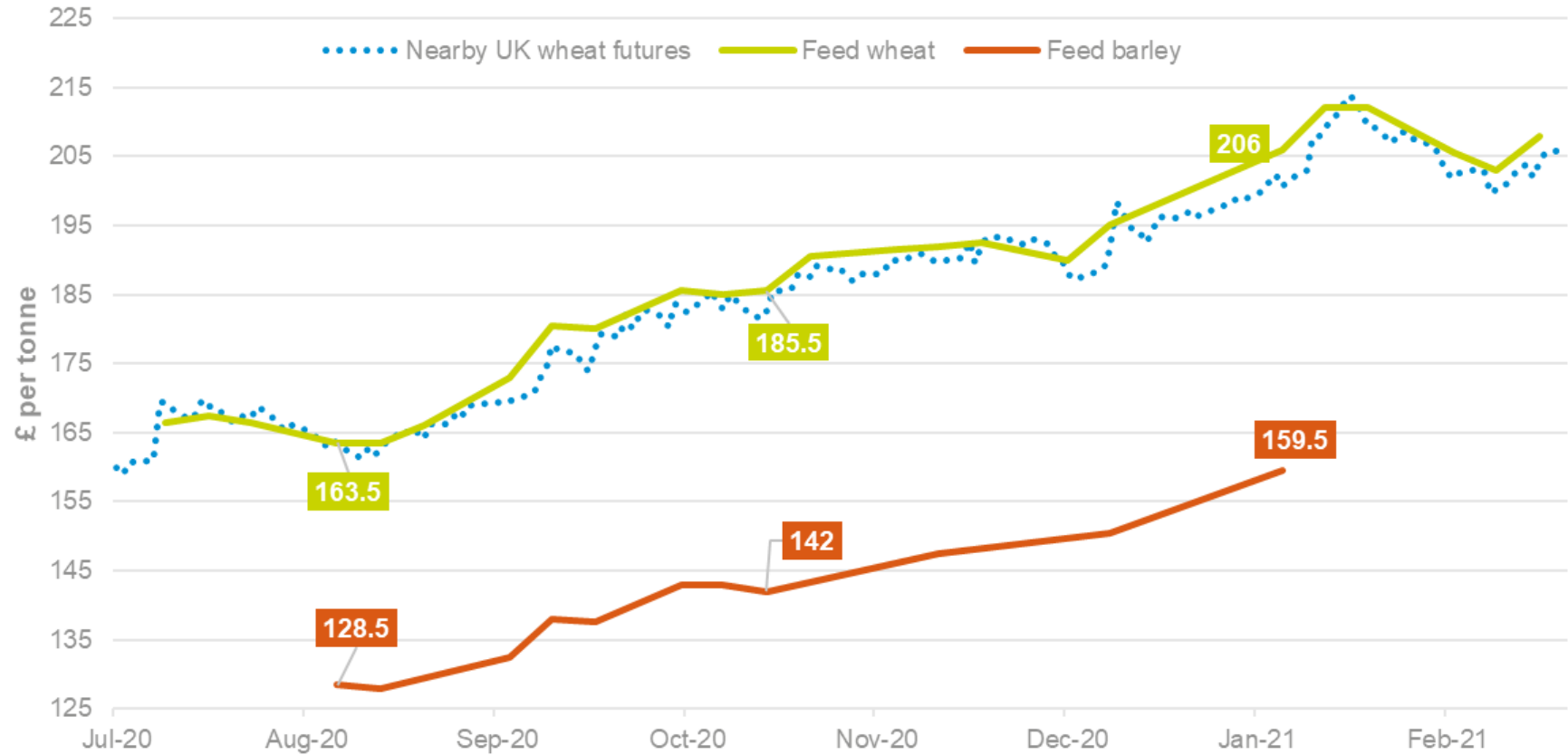
Source: Defra

UK old crop market trading at import parity



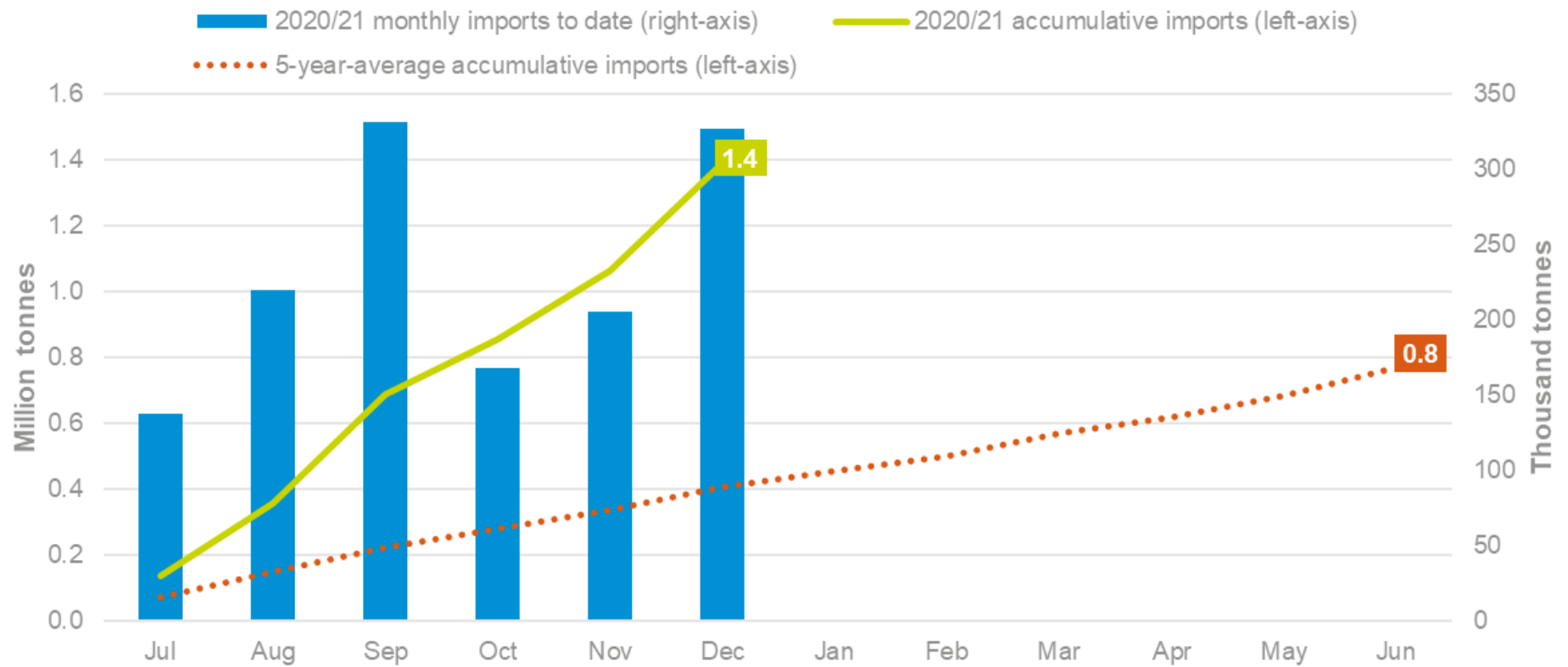
Source: Refinitiv

Feed grains delivered into East Anglia



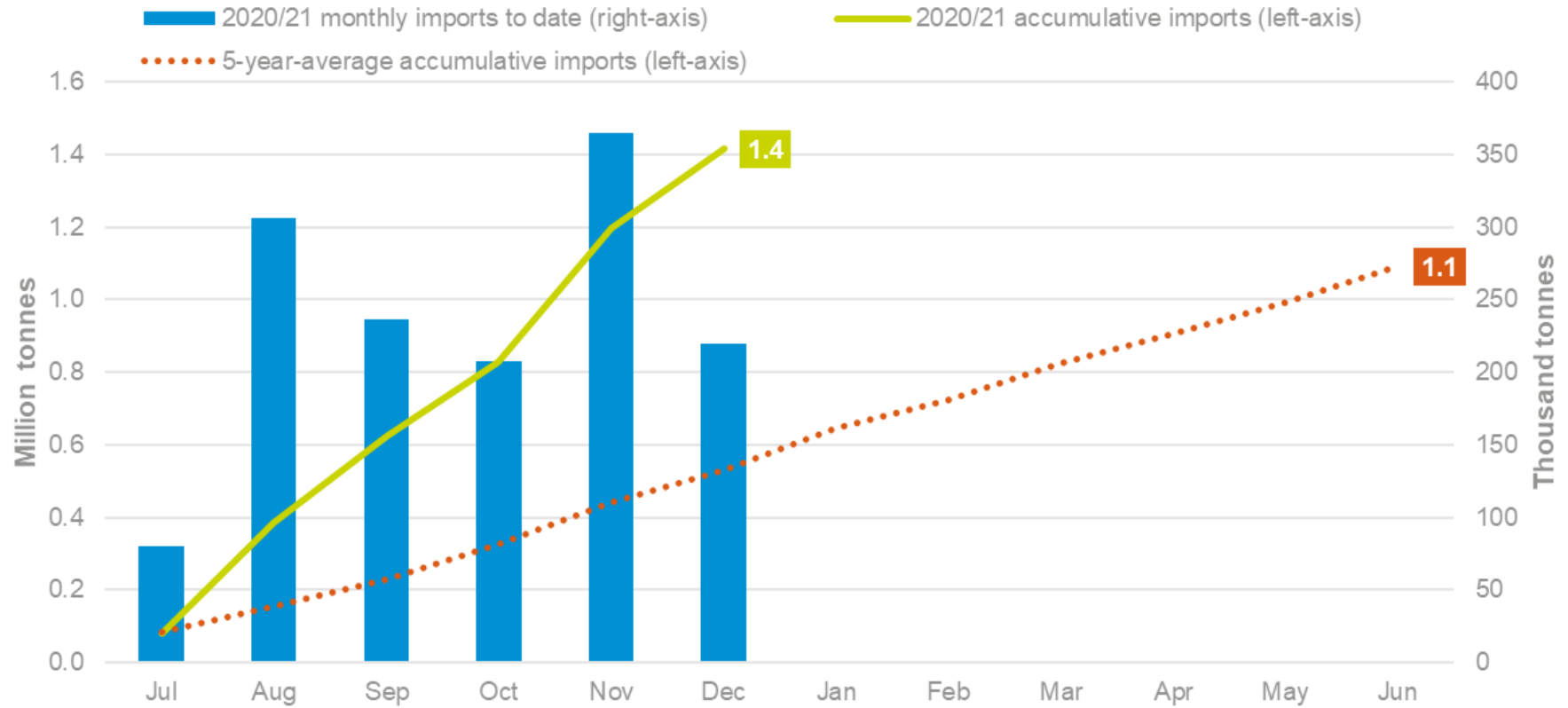
Source: AHDB delivered survey, Refinitiv

UK wheat imports so far this season



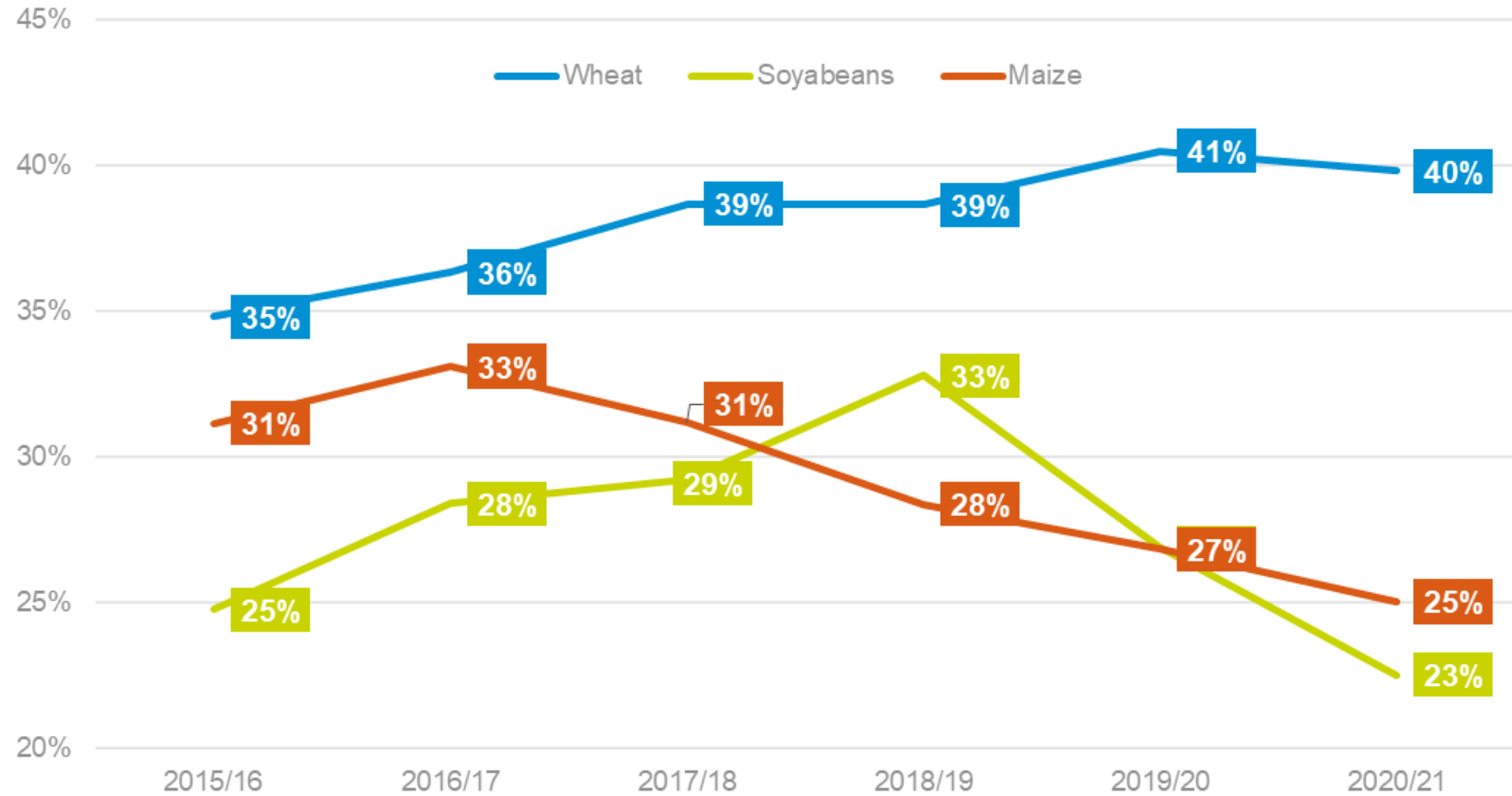
Source: HMRC

UK maize imports so far this season



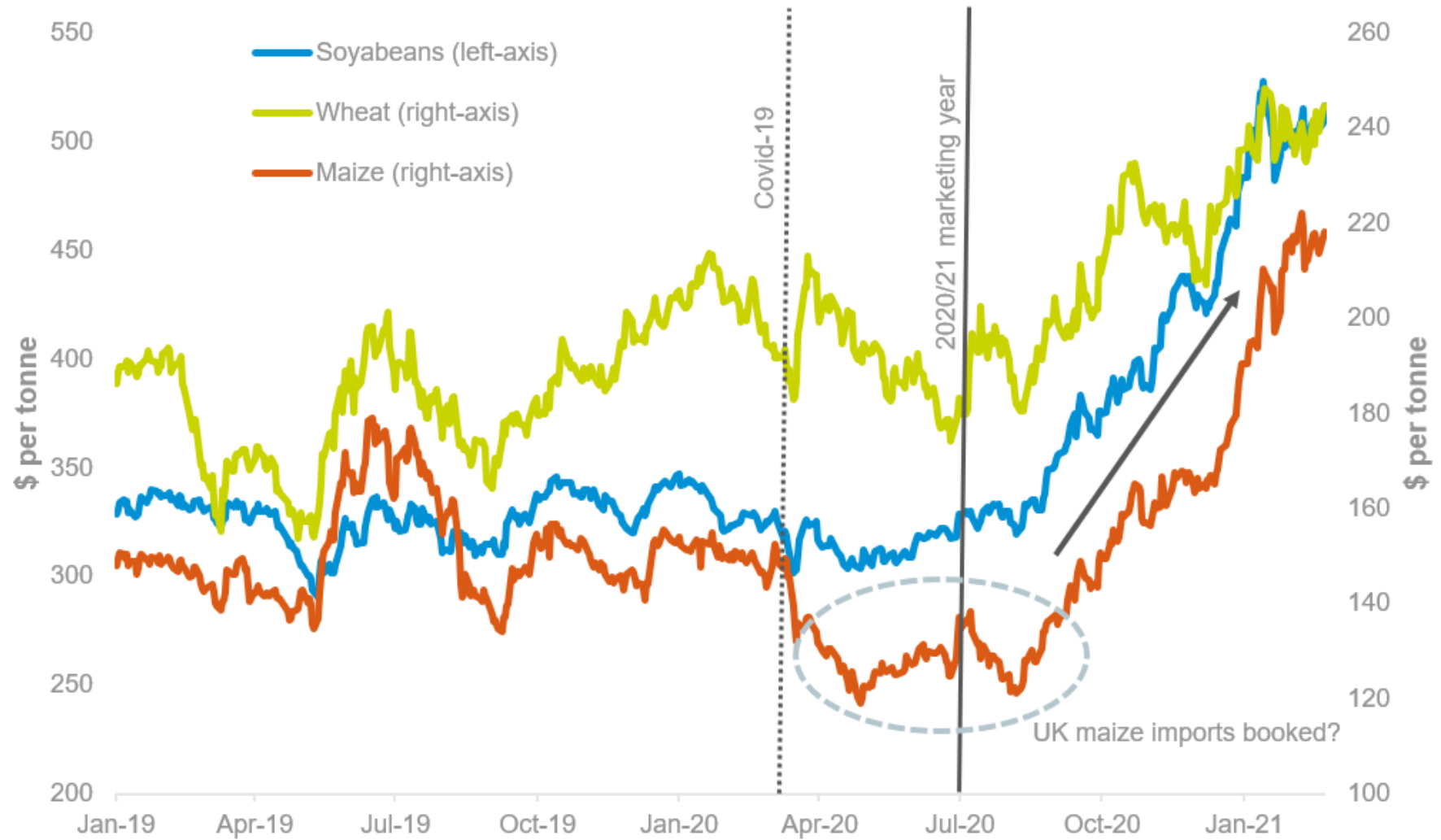
Source: HMRC

Global stock-to-use



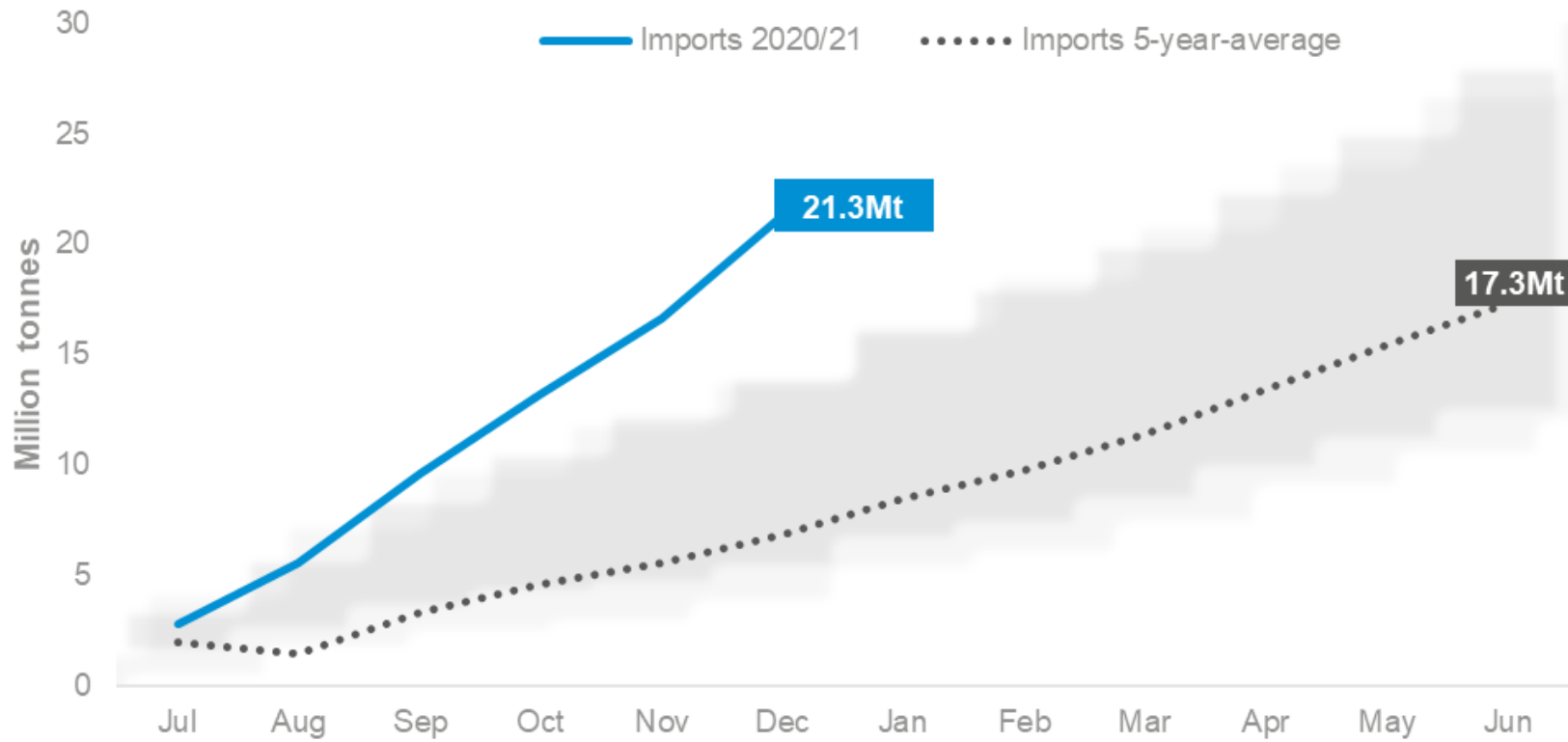
Source: USDA

Chicago agricultural commodities gain support



Source: Refinitiv

China's hunger for grains



Source: IHS Maritime & Trade—Global Trade Atlas ®

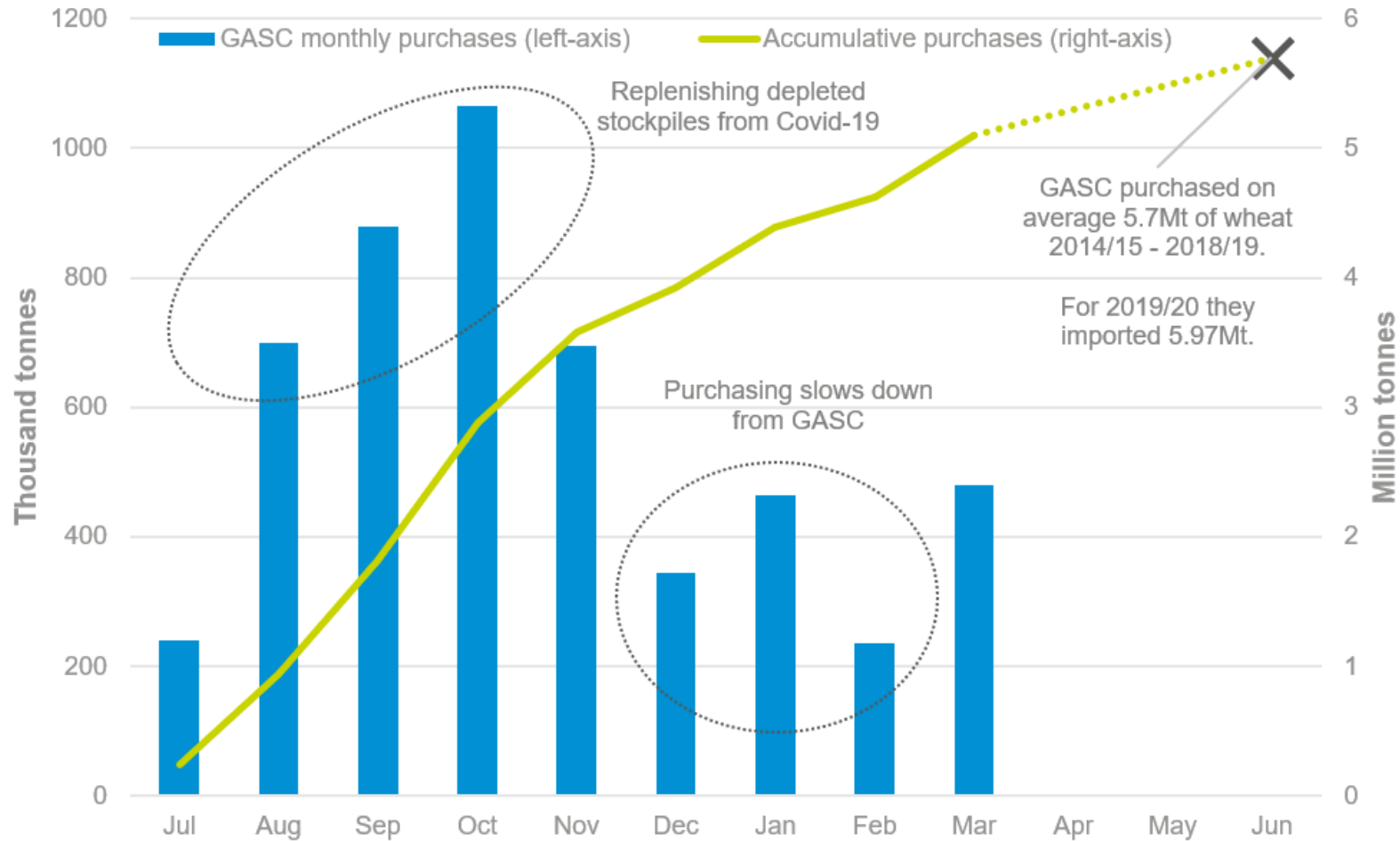
Russia export tariffs supporting the global market



Source: Refinitiv

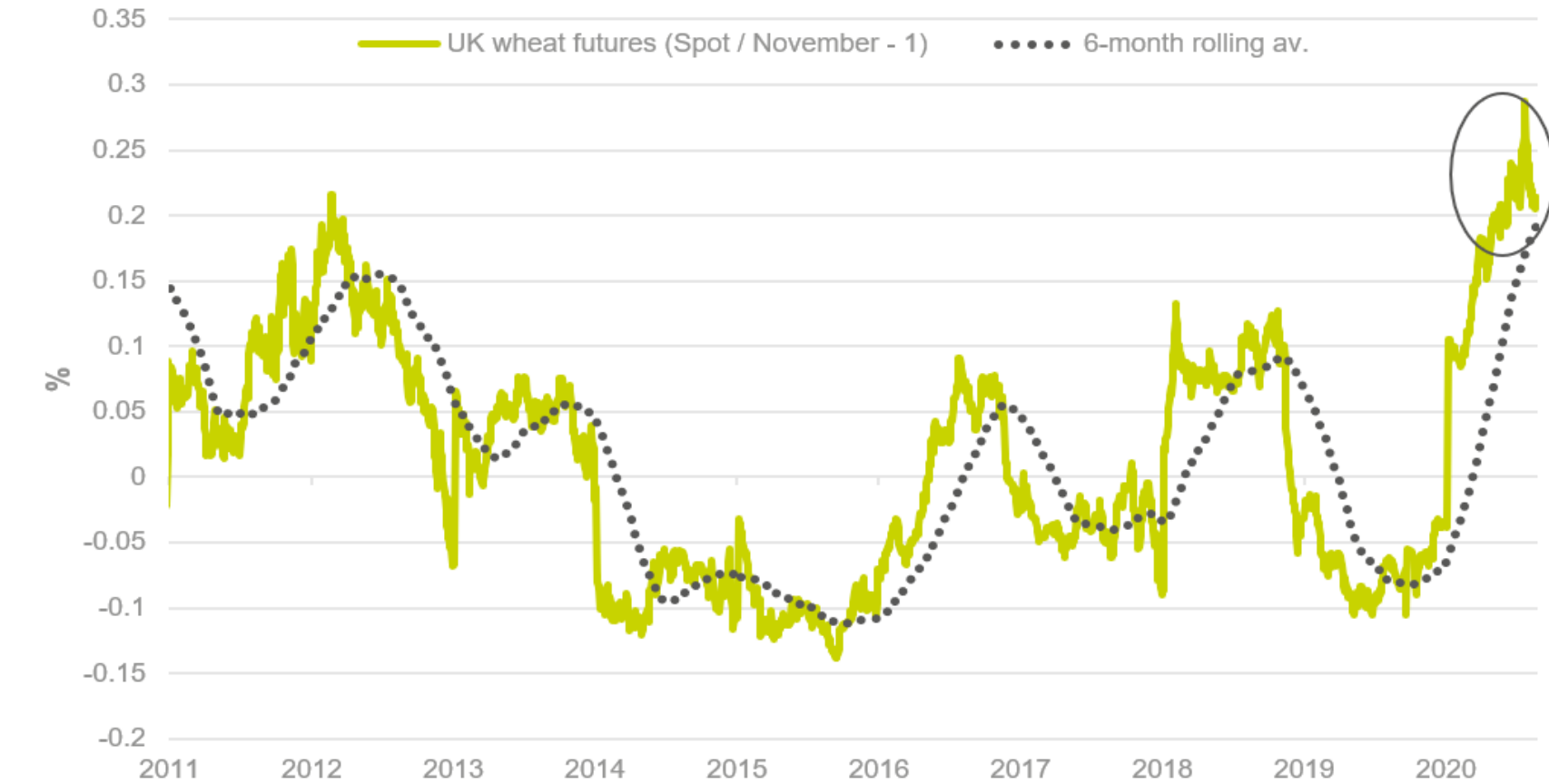
- Russian grain export quota
- Russia export tariff from February 15th, start at €25.00, increasing to €50.00 in March
- Floating export tax from June

GASC purchases are close to the 5-year-average



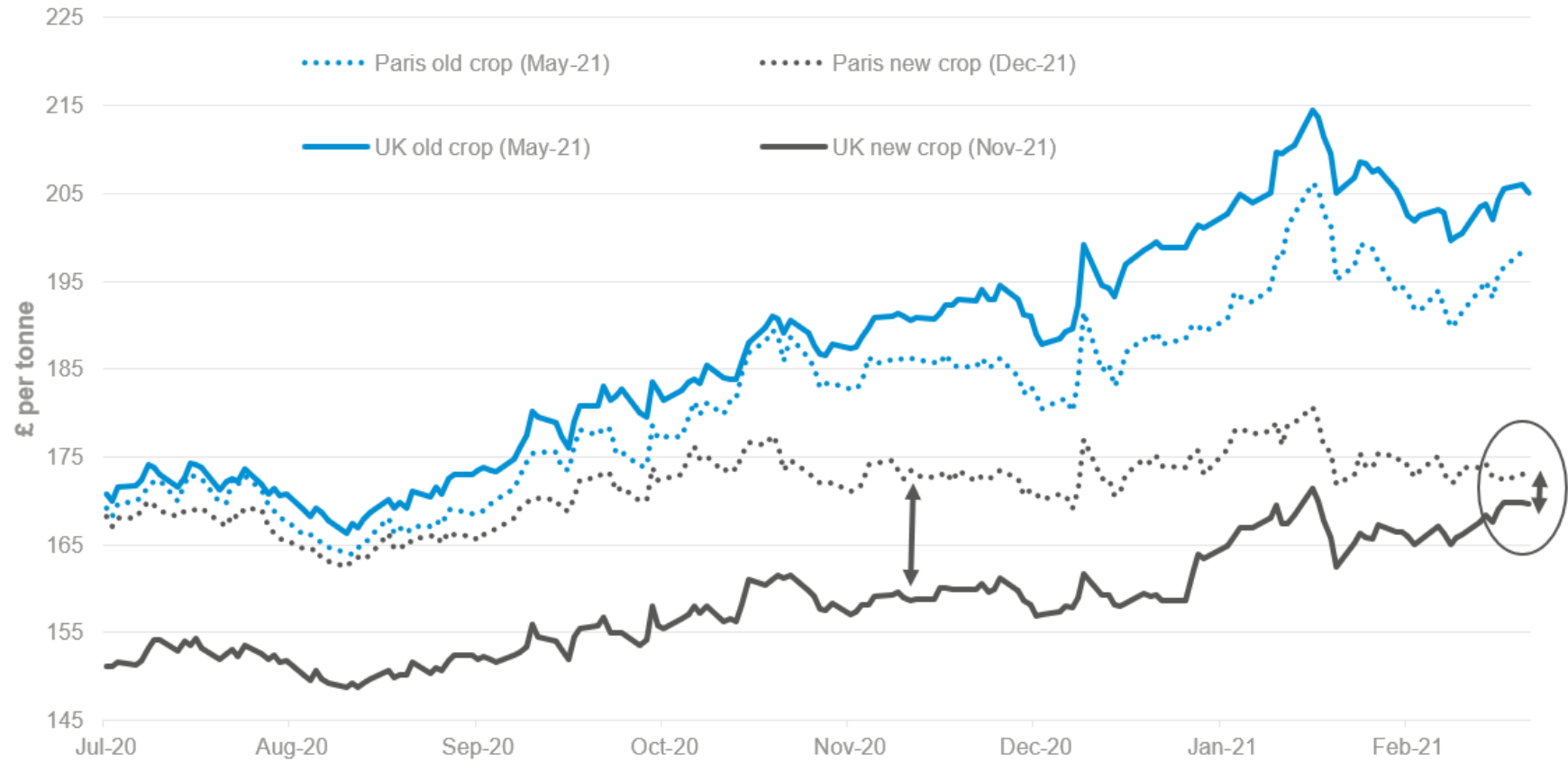
Source: Refinitiv, USDA

Spot prices are highest over new-crop Nov futures since 2012



Source: Refinitiv

New crop futures edging towards import parity



Source: Refinitiv

UK cereal supply & demand estimate (Feb-21)

July to June crop years

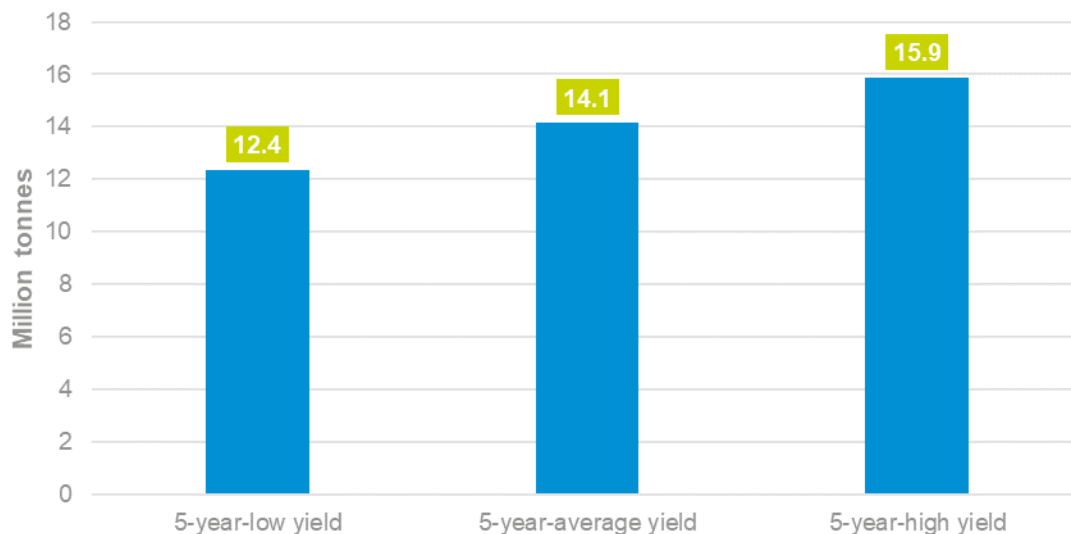
		WHEAT								
		2015/16 2019/20 average	2017/18 estimate	2018/19 estimate	2019/20 estimate	2020/21 Nov-20	2020/21 Feb-21	Absolute change Nov-20	% change on 19/20	
(1)	Opening stocks	2,121	1,755	1,718	1,911	2,438	2,438	-	28%	
(2)	Production	15,101	14,837	13,555	16,225	10,133	9,658	-475	-40%	
(3)	Imports	1,614	1,793	1,858	1,054	2,200	2,100	-100	99%	
(4)	Total availability	18,836	18,386	17,131	19,190	14,771	14,196	-575	-26%	
(5)	Human and industrial consumption (b)	7,431	7,792	6,969	6,923	6,533	6,438	-95	-7%	
(5a)	(of which home grown)	6,488	6,765	5,918	6,173	5,255	5,110	-145	-17%	
(6)	Usage as animal feed (c)	7,337	7,514	7,402	7,438	6,634	5,923	-711	-20%	
(6a)	(of which home grown)	6,670	6,792	6,652	6,938	5,859	5,173	-686	-25%	
(6b)	(of which compounders)	4,095	4,232	4,164	4,200	3,965	3,480	-485	-17%	
(6c)	(of which integrated poultry units)	1,200	1,241	1,155	1,182	1,163	1,086	-77	-8%	
(7)	Seed (d)	266	271	281	219	219	215	-4	-2%	
(8)	Other	75	74	68	81	51	48	-3	-41%	
(9)	Total domestic consumption	15,108	15,651	14,720	14,660	13,437	12,623	-814	-14%	
(10)	Balance (4) - (9)	3,728	2,735	2,411	4,529	1,334	1,573	239	-65%	
(11)	Exports (e)	1,260	448	358	1,205	-	-	-	-	
(12)	Intervention stocks (e)	-	-	-	-	-	-	-	-	
(13)	Commercial end-season stocks (e)	2,122	1,718	1,911	2,438	-	-	-	-	
(14)	(of which estimated operating stock requirement) (f)	1,552	1,600	1,550	1,550	1,500	1,500	-	-3%	
(15)	(of which free stock) (g)	570	118	361	888	-	-	-	-	
(16)	Surplus/ deficit (10)-(12)-(14)-(17)**	1,829	567	720	2,093	-166	73	239	-97%	
(17)	Residual (10)-(11)-(13)		568	142	886					

Source: AHDB balance sheet team

AHDB Early Bird Survey

- Applying the early bird survey results to yields to provide a production outlook
- Survey *intentions* in November

UK production could vary depending on weather



Source: Defra, AHDB early bird survey

Thousand hectares	Defra June Survey 2020	EBS Forecast 2021	% Year-On-Year Change
All wheat	1,387	1,776	28%
Winter barley	312	389	25%
Spring barley	1,076	756	-30%
Oats	210	214	2%
Other cereals*	53	75	41%
OSR	380	312	-18%
Other oilseeds**	33	39	18%
Pulses	233	249	7%
Arable fallow	362	254	-30%
Other crops on arable land***	775	768	-1%
TOTAL	4,820	4,831	

*crops included rye, triticale and mixed grains

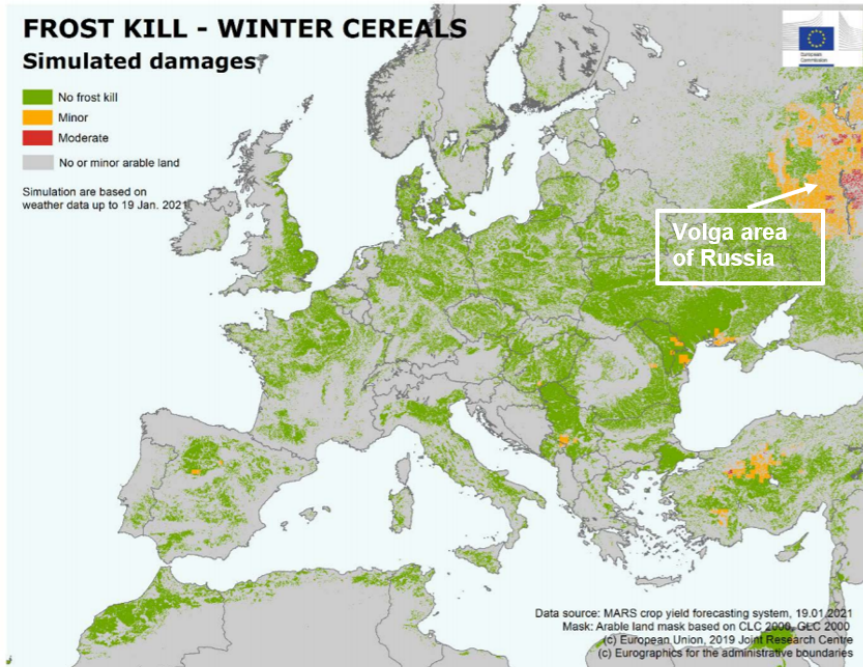
**crops included linseed and borage

***crops included sugar beet, potatoes, vegetables, maize (33%) and temporary grass (20%)

Source: Defra, The Andersons Centre for the AHDB

- Domestic wheat stocks may be tight for the 2021/22 marketing year

What do we need to look out for?

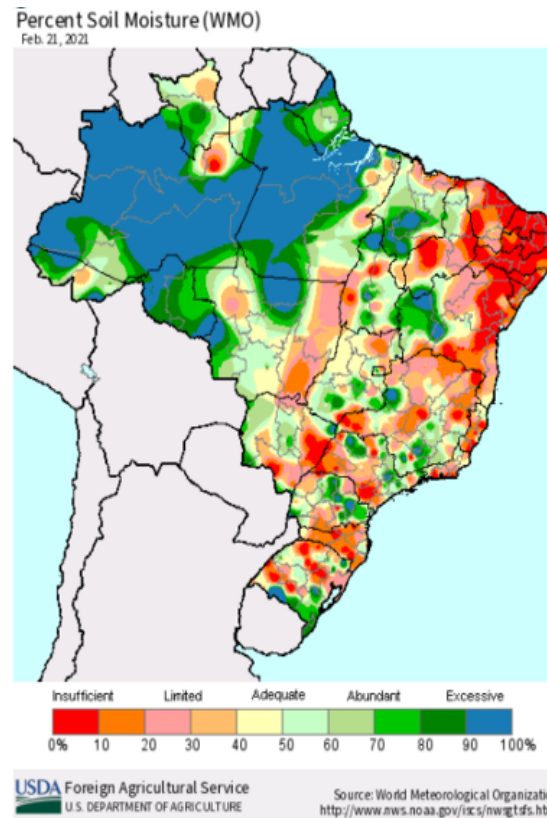


EU weather – winter kill in Russia?

Russia production down year-on-year

EU stocks expected to increase – exportable surplus?

South American weather – Soyabean yields, planting Safrinha



Chinese purchasing



US soy/maize planting ratio

US winter wheat kill



Conclusion – thank you for listening

Domestic market

- Low production 2020, wheat deficit
- Large wheat and maize imports

Global fundamental news

- Chinese purchasing to feed a recovering pig herd
- Russian export tax – floating tax for 2021/22
- Importers rebuilding stocks

Next year

- Domestic stocks looking tight
- Low production could increase imports
- Engaging with global sphere : weather, politics and supply & demand

A vibrant landscape of a green field at sunset. The sun is low on the horizon, casting a warm glow over the scene. The sky is filled with colorful clouds, and the field is lush and green. A path leads from the foreground towards the horizon. The overall mood is peaceful and inspiring.

**‘Inspiring our farmers, growers
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rapidly changing world’**

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