UK wheat market and outlook

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AHDB Market Intelligence

Today…

UK wheat market:

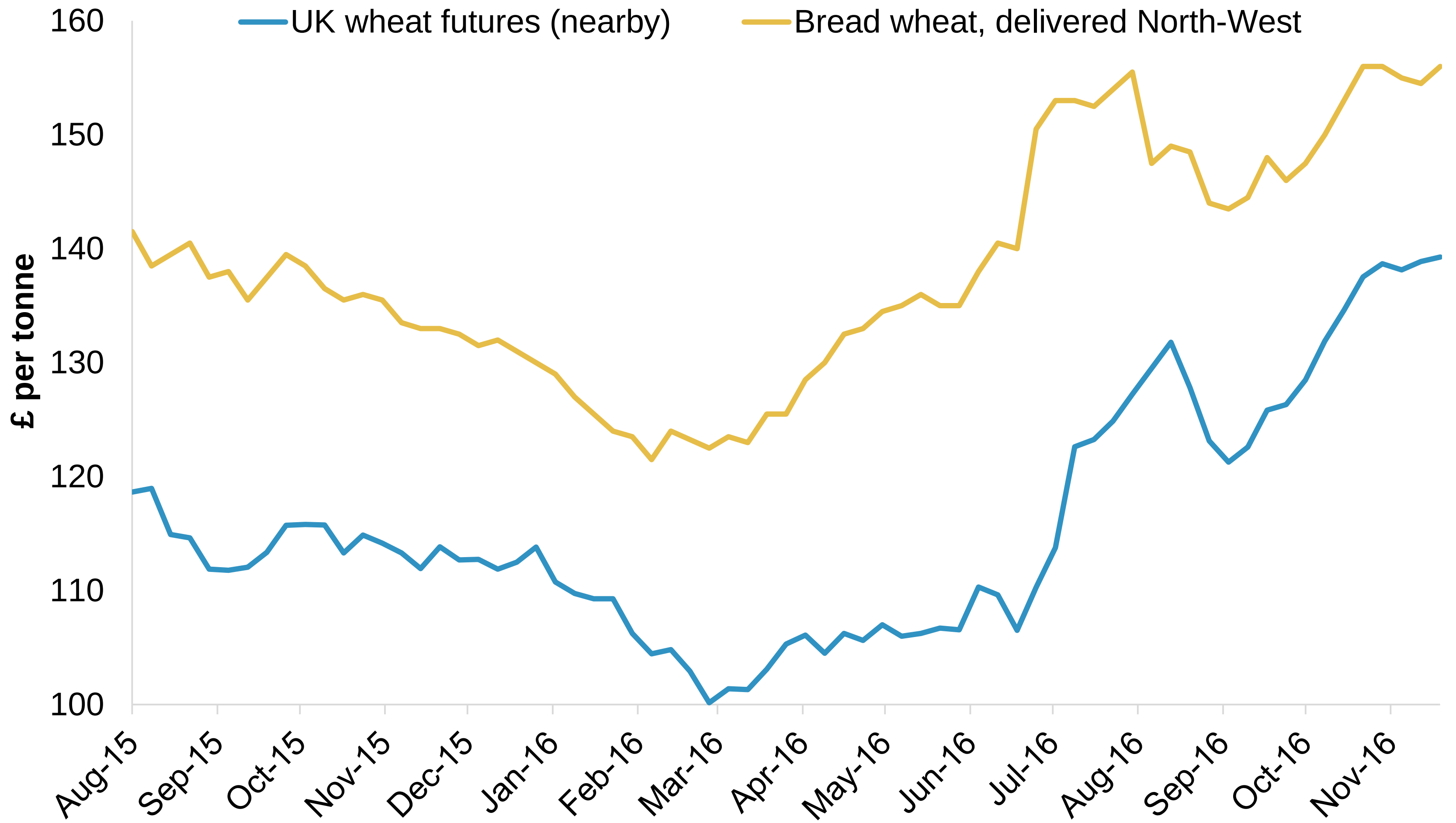
- Where are we at the moment
  - Global context
  - UK context – quality and production

- Where are we going
  - UK outlook

Where we are – the global picture

Markets higher, especially post-23 June

First inflation in UK wheat prices for three years



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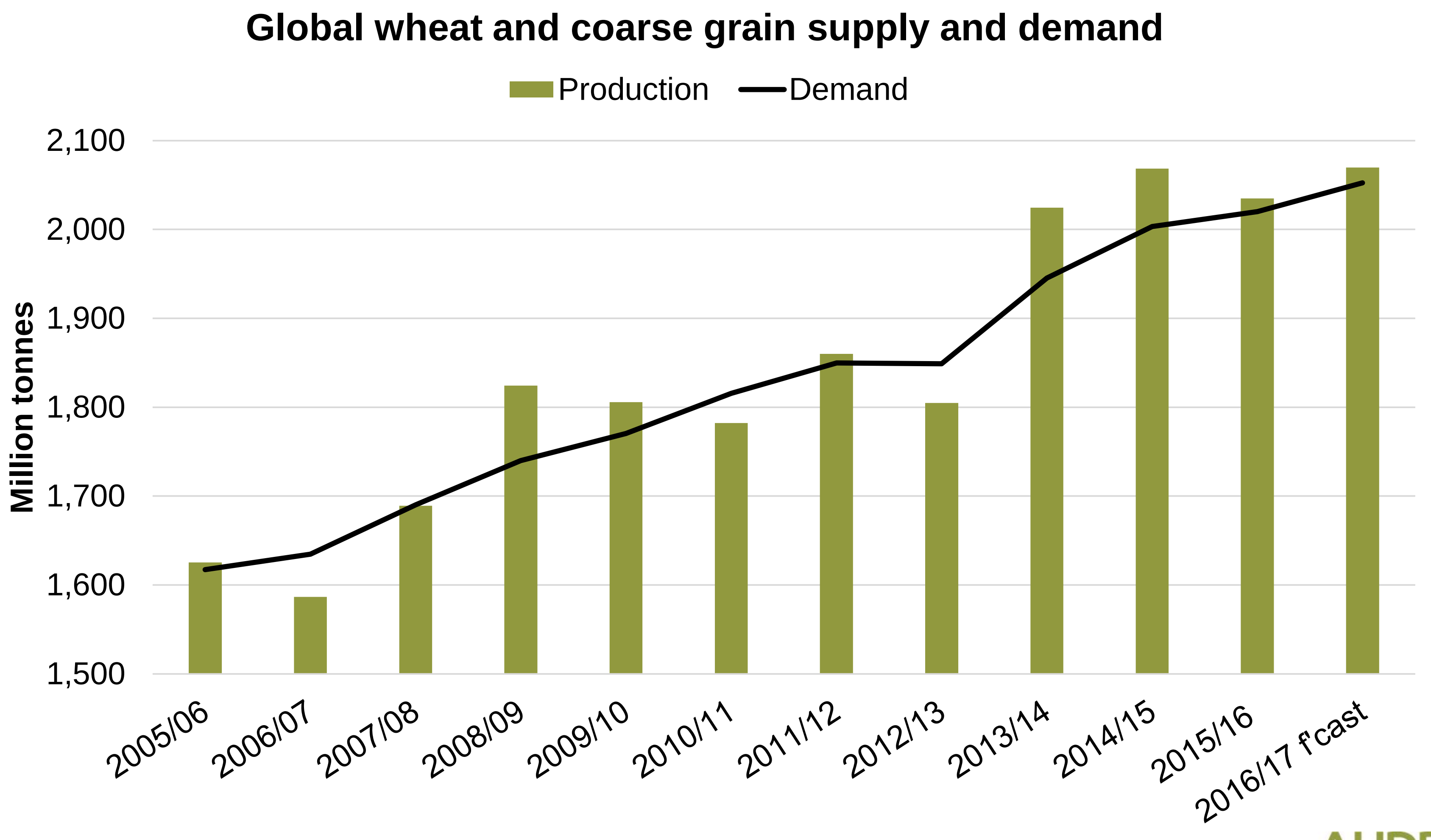
Source: AHDB

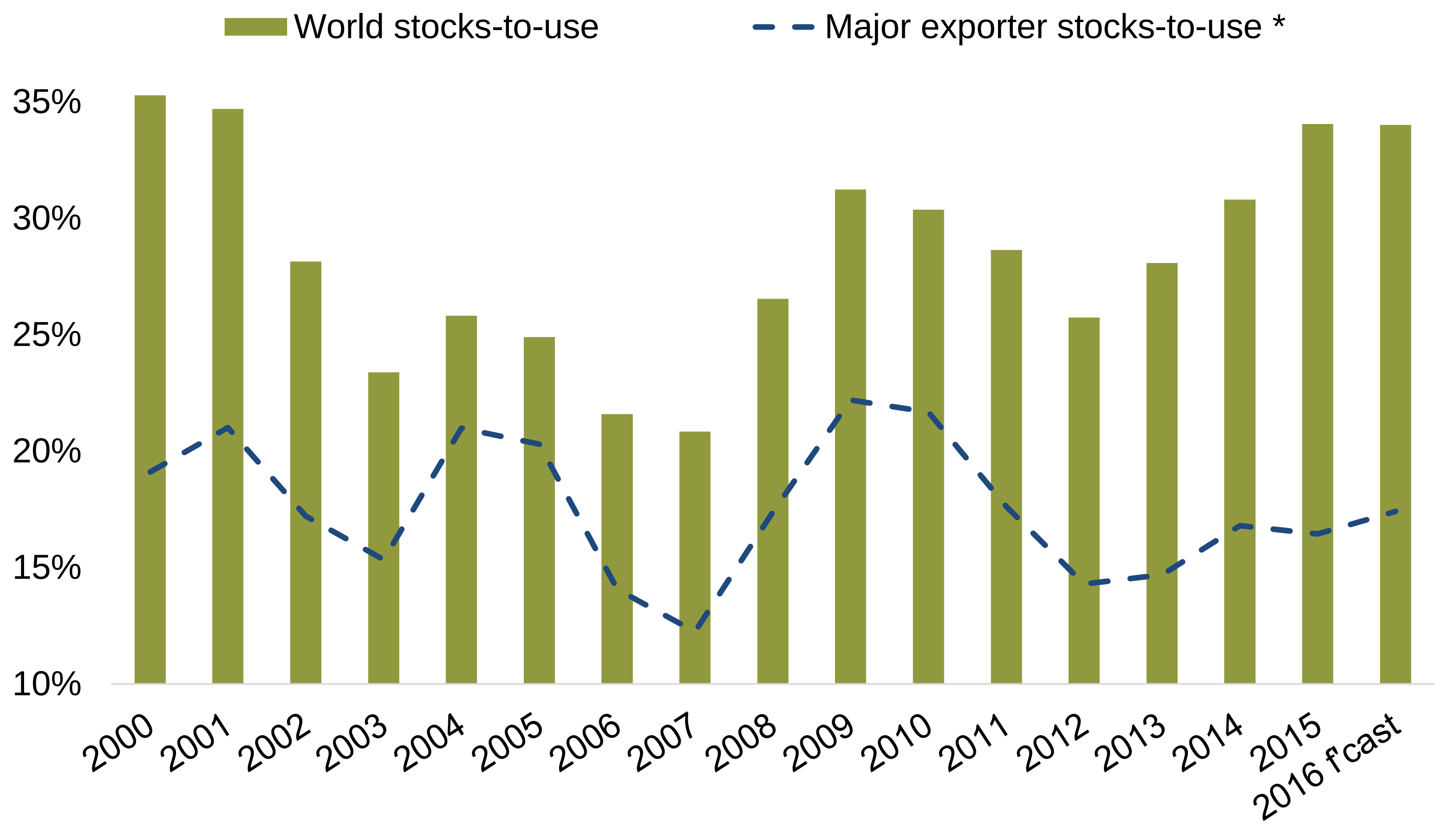
Four consecutive years of grain surplus



Source: FAO

Risky global wheat stock perceptions

Large stocks but not necessarily available

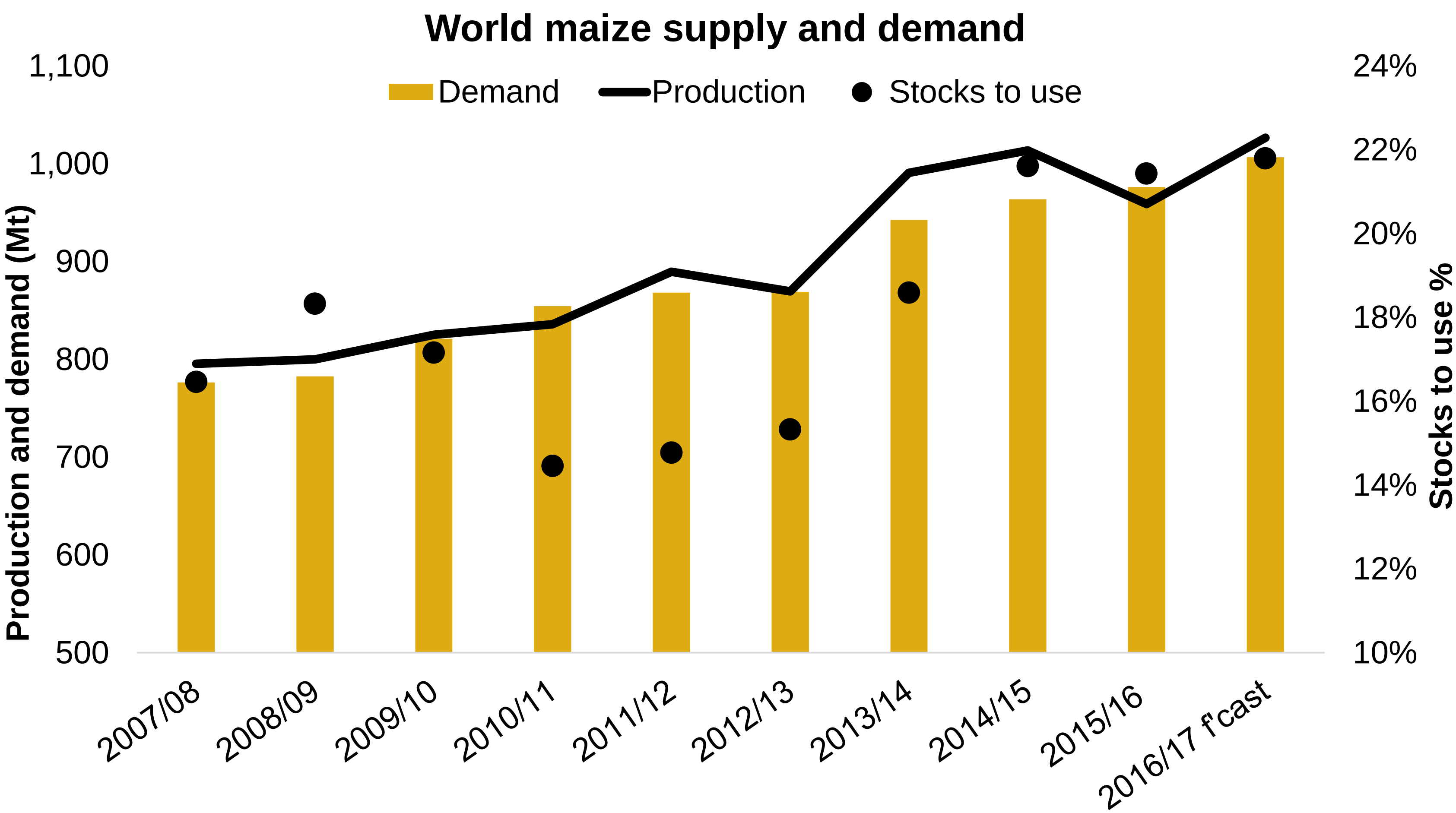


**Arg, Aus, Can, EU, Rus, Ukr, US*

Source: USDA

Global maize stocks set to remain stable

Medium term supply anxiety continues to fade



Source: USDA

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Top five wheat exporters (Mt)

Quality concerns in all main exporters this year

Rank	2014/15		2015/16		2016/17 f'cast	
1	EU	34.4	EU	33.9	Russia	30.0
2	Canada	24.9	Russia	25.4	EU	25.9
3	USA	22.6	Canada	21.9	USA	25.7
4	Russia	22.2	USA	21.6	Canada	21.5
5	Australia	16.6	Ukraine	17.4	Australia	19.5

Source: IGC

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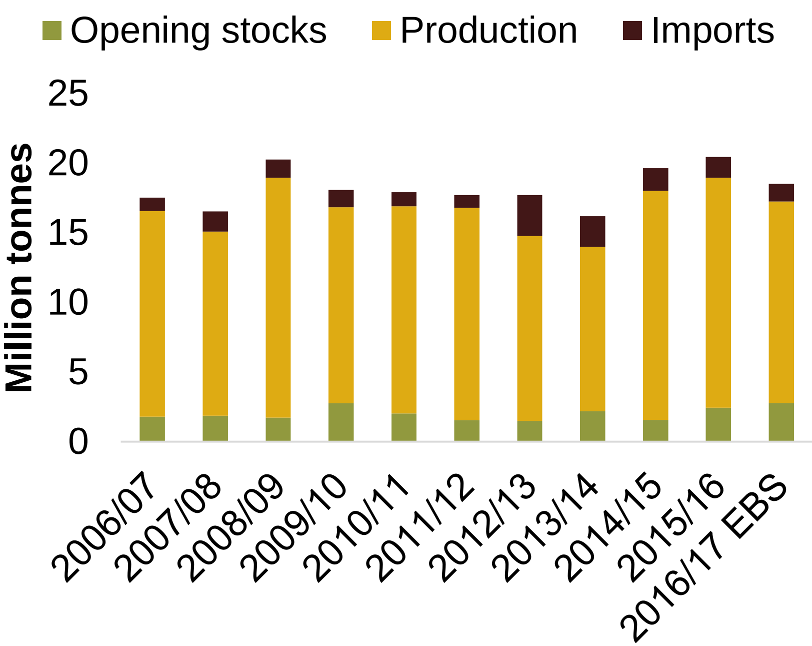
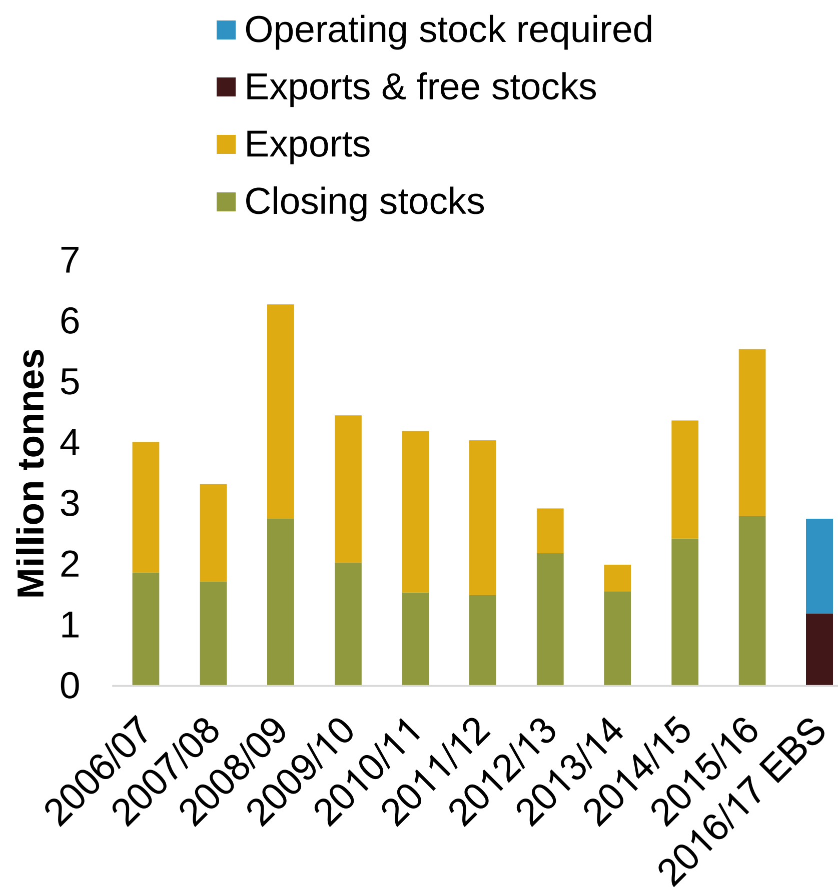
Where we are – the UK view

UK wheat supply and demand





Dom. Use (Mt)	13/14	14/15	15/16	16/17 EBS
Total	14.19	15.29	14.81	15.76
feed	*6.37*	*7.08*	*7.10*	*7.48*

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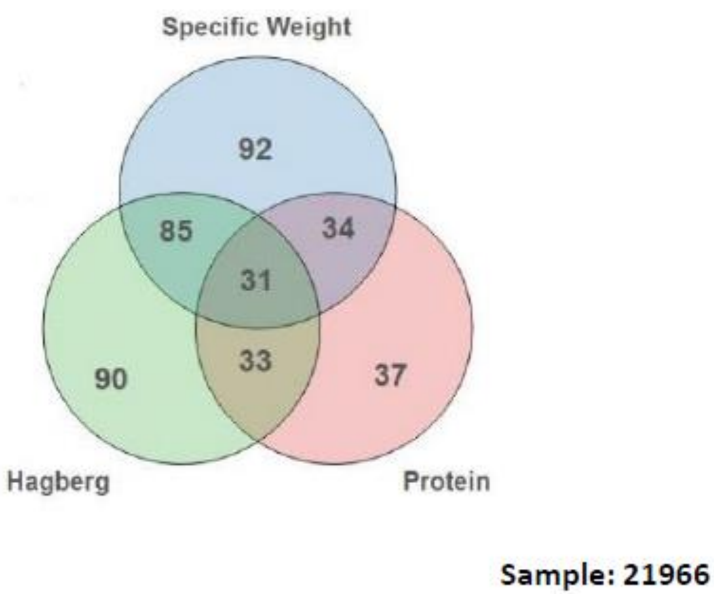
EBS: AHDB Early Balance Sheet

Source: Defra, AHDB

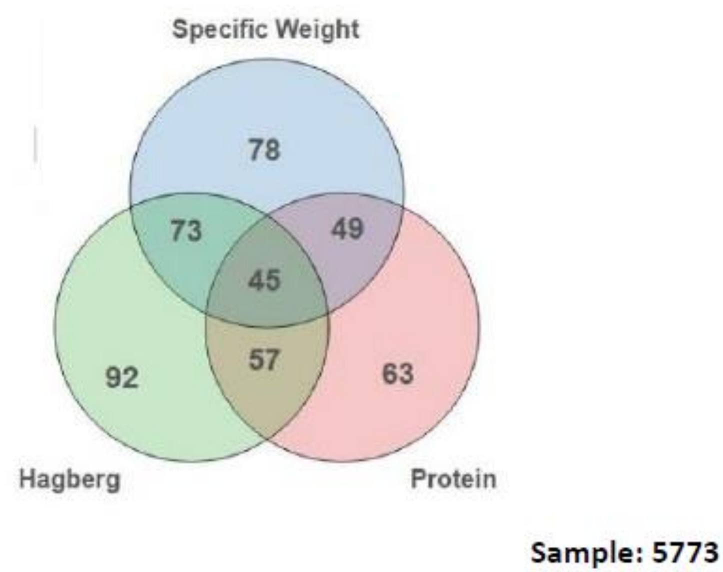
GB high quality bread wheat

Group 1. min. 76.0 kg/hl, 250 Hagberg &13.0% Protein

2015 final

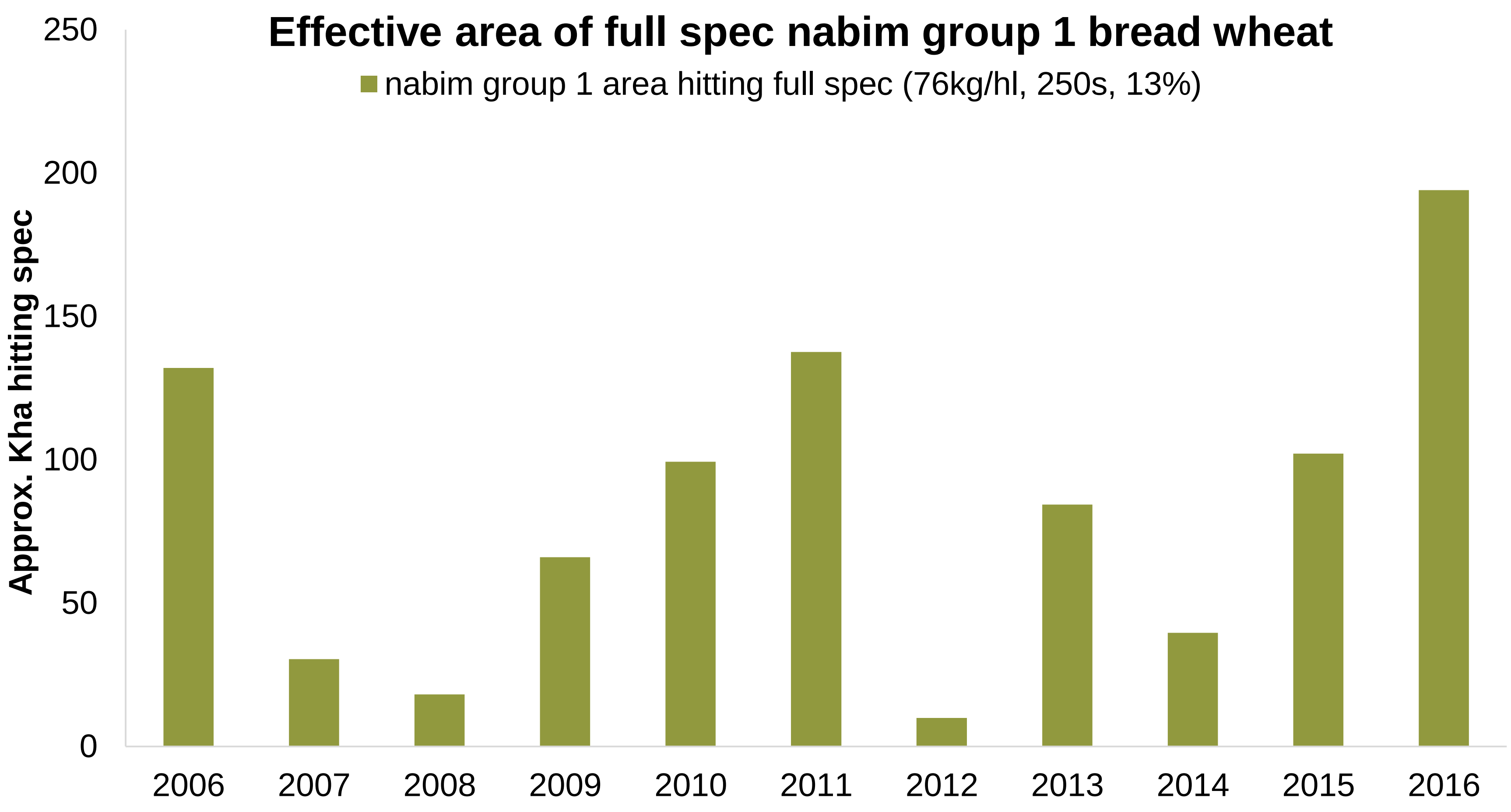


2016 final



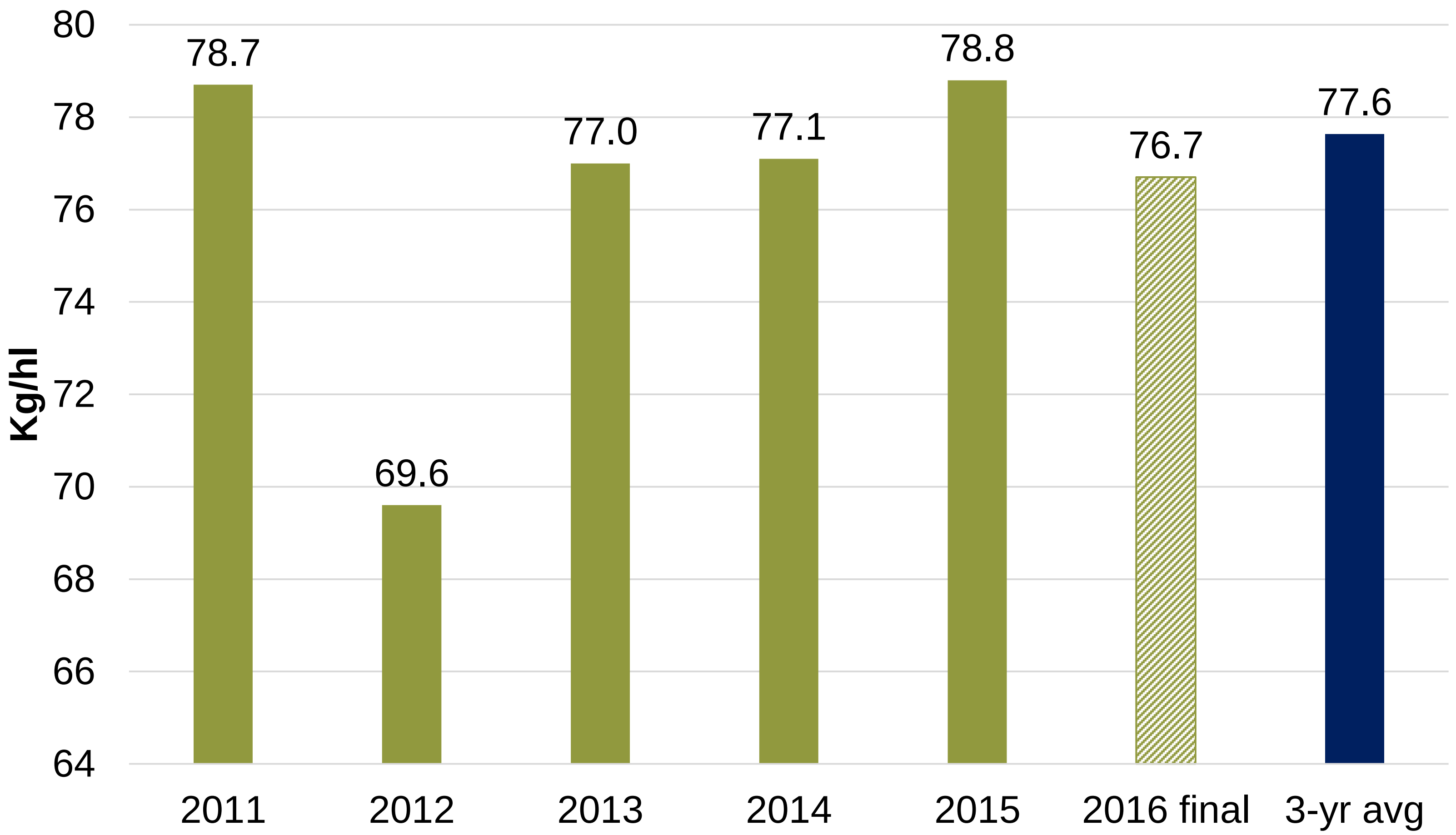
Source: AHDB Cereal Quality Survey

Strong pass rate combined with underlying shift towards more group 1s



Source: AHDB

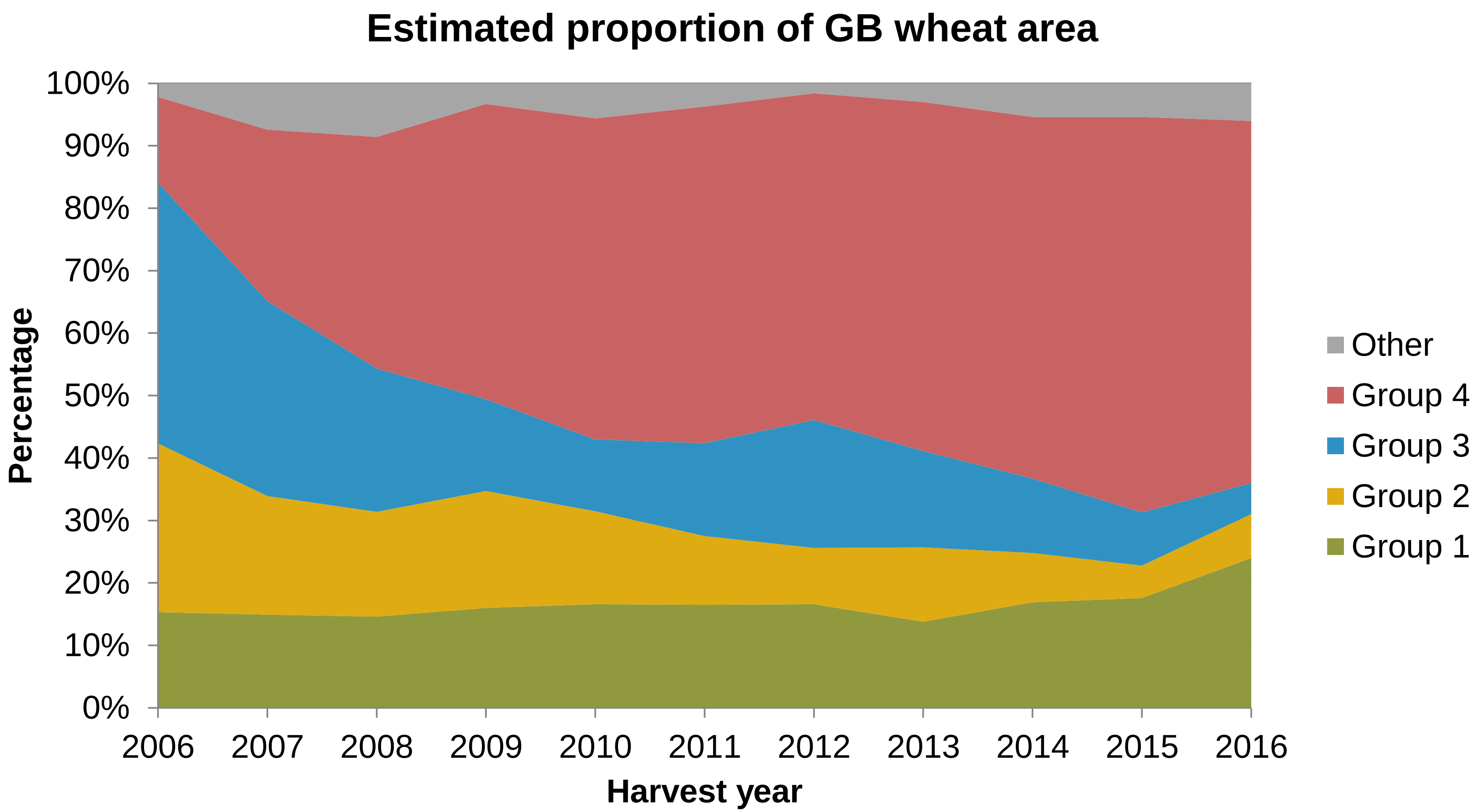
GB specific weight



Source: AHDB Cereal Quality Survey

Group 3s feeling the squeeze

Without a recovery as seen in 1 and 2, where does that leave supply longer term?



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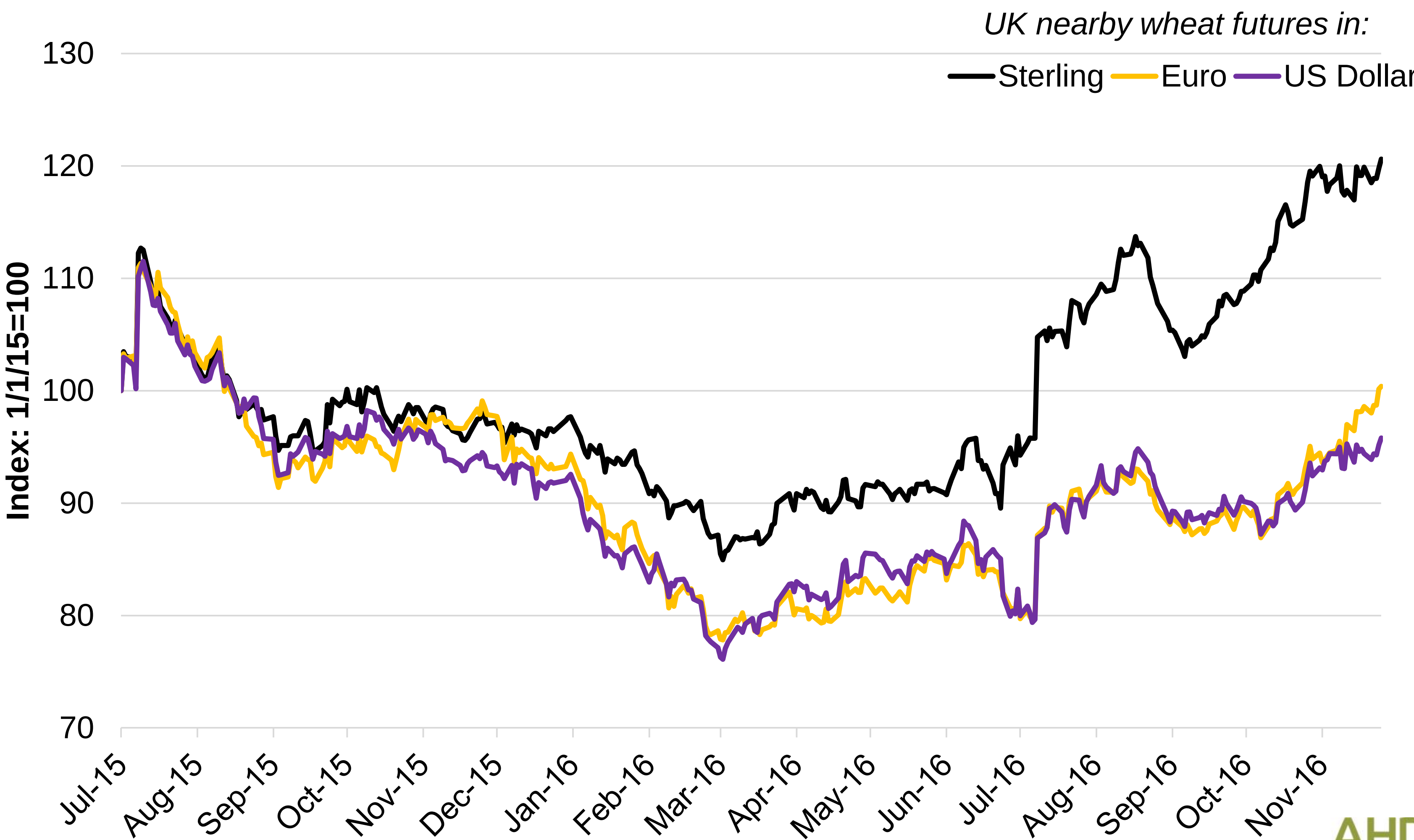
Source: AHDB Planting and Variety Survey

Where we are going

Currency supporting UK wheat prices

Otherwise, prices would be similar

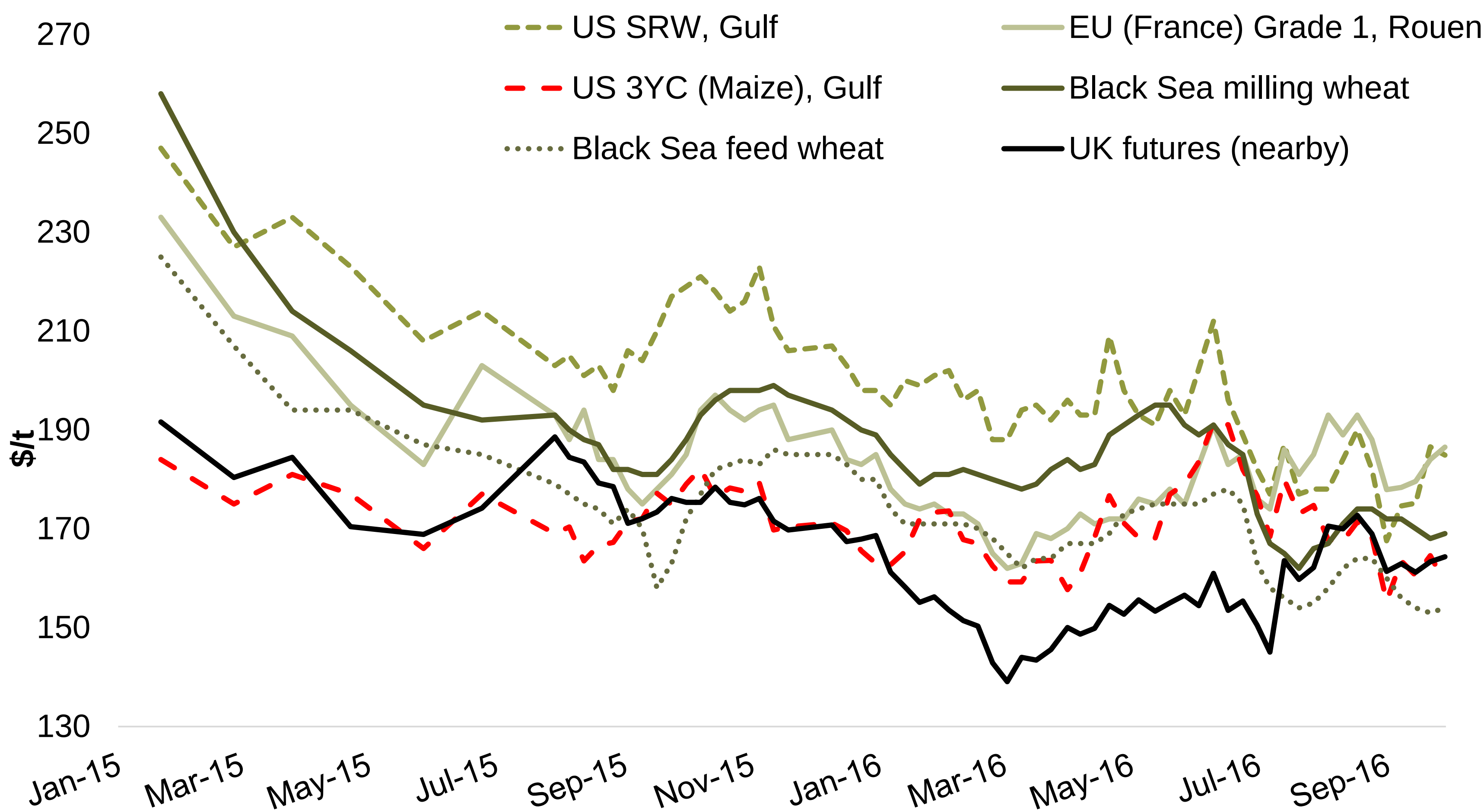


AHDB CEREALS & OILSEEDS

Source: ECB

UK prices can move within the box…

…but can't escape the box



Source: IGC, AHDB

- Opportunities for UK wheat this season
- Brexit and currency risk brings uncertainty/strength to prices
- Can move within the box, but can’t escape the box (i.e. wider global fundamentals)
- Aside from any currency effect, prices likely to be subdued in general

Thank you

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