Wheat Market Overview

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Presentation outline

The Global Picture

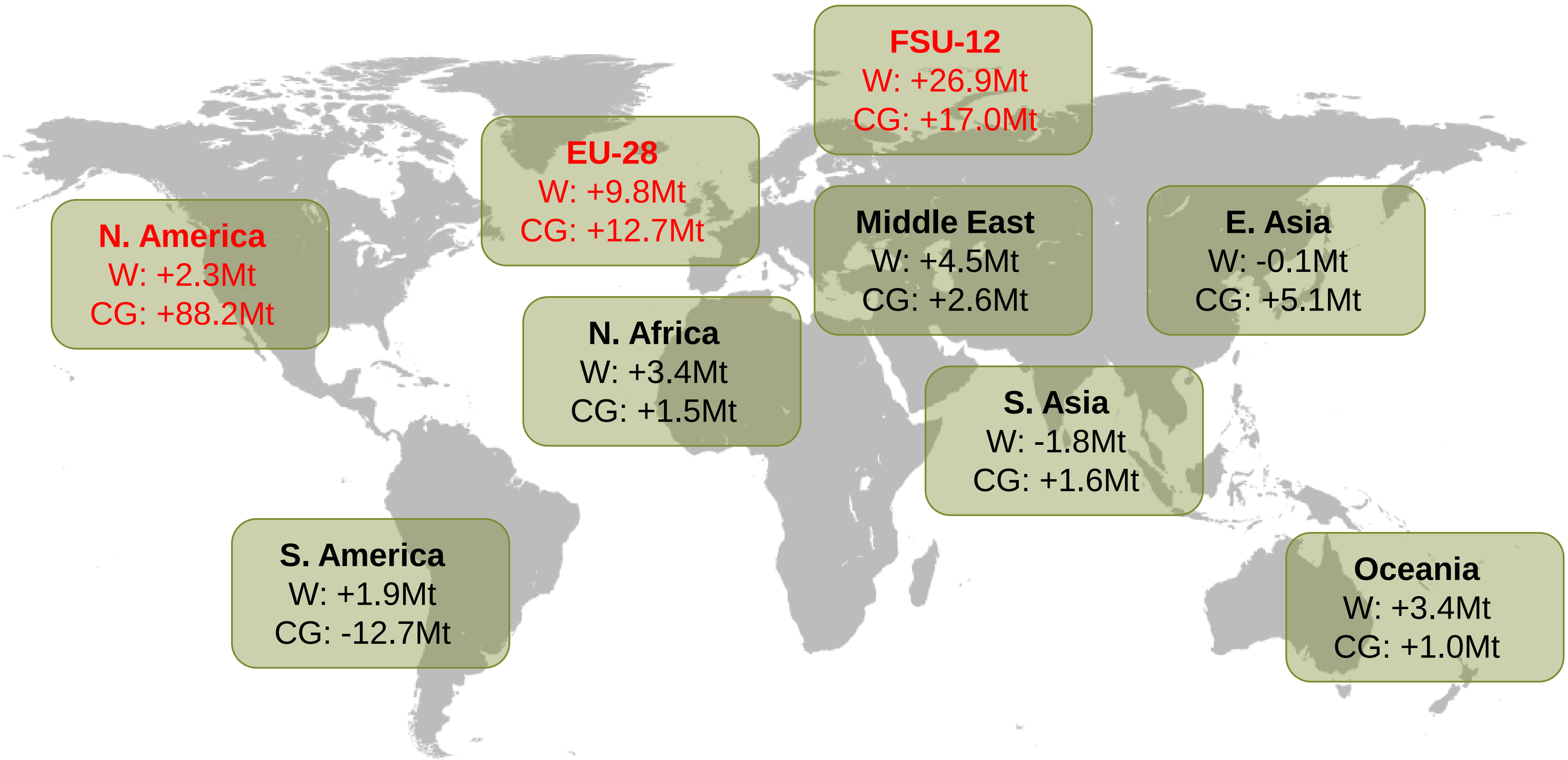
- Wheat supply, demand, trade & prices
- Change in the wheat/maize price relationship

The UK Situation

- Wheat supply & demand, plus quality
- The impact on prices
- Outlook for 2013/14

World grain production – *wheat +51Mt, coarse grains +121Mt*

Year-on-year changes



W: Wheat **CG: Coarse Grains** **(maize, barley, sorghum, oats, rye, millet and mixed grains)**

Source: USDA

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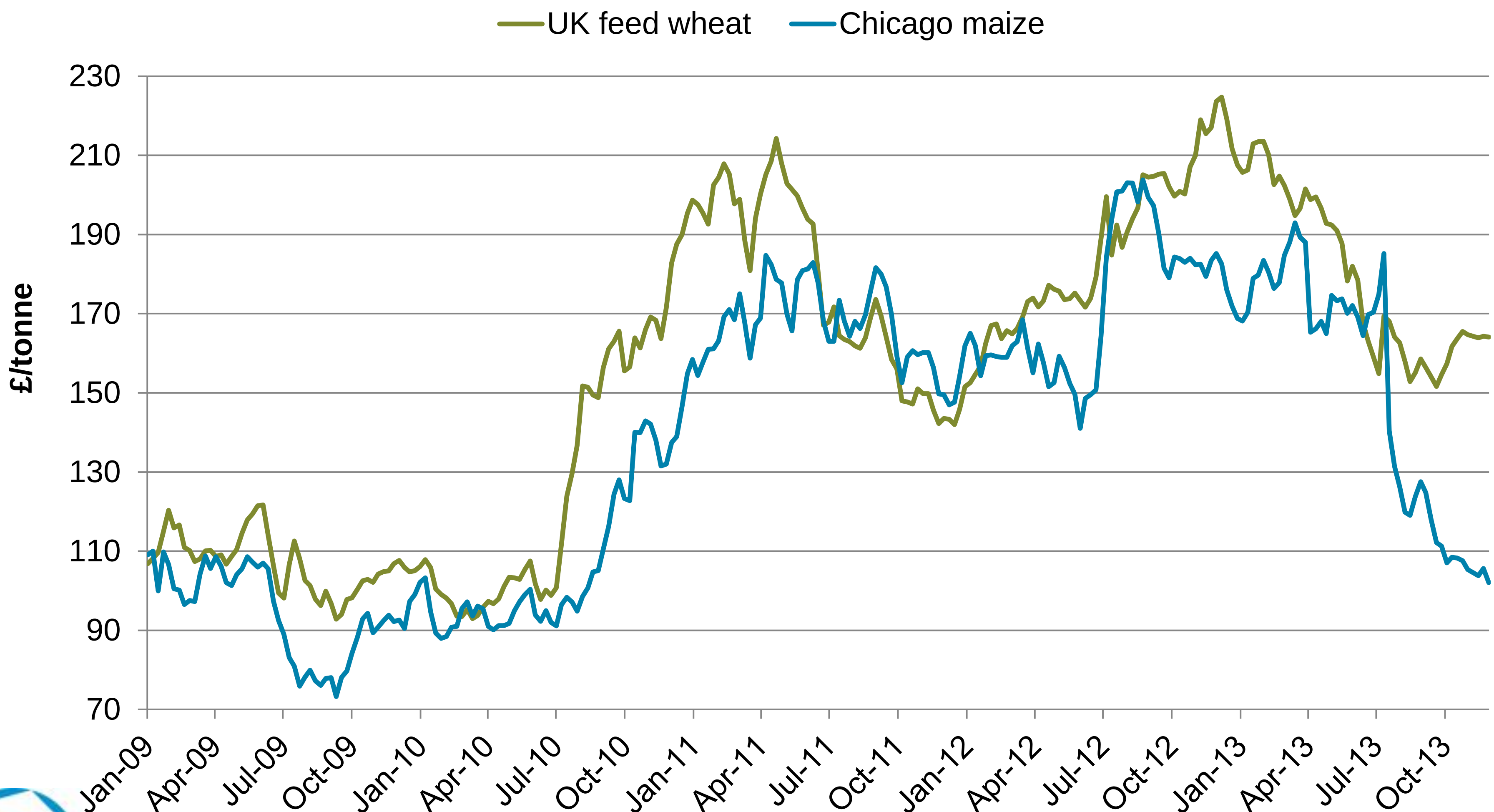
Lower grain prices year-on-year, *and a change in price relationships*



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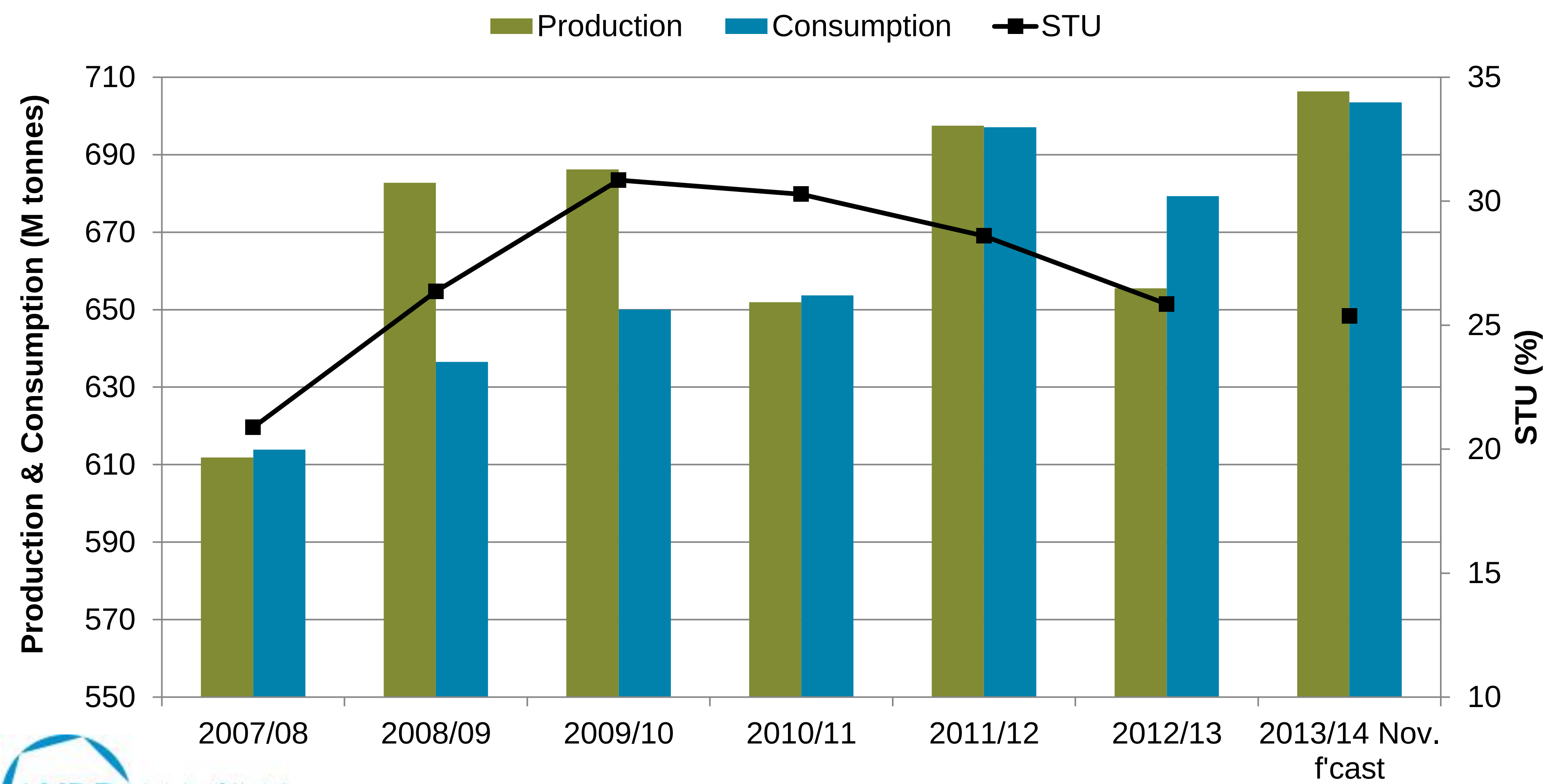
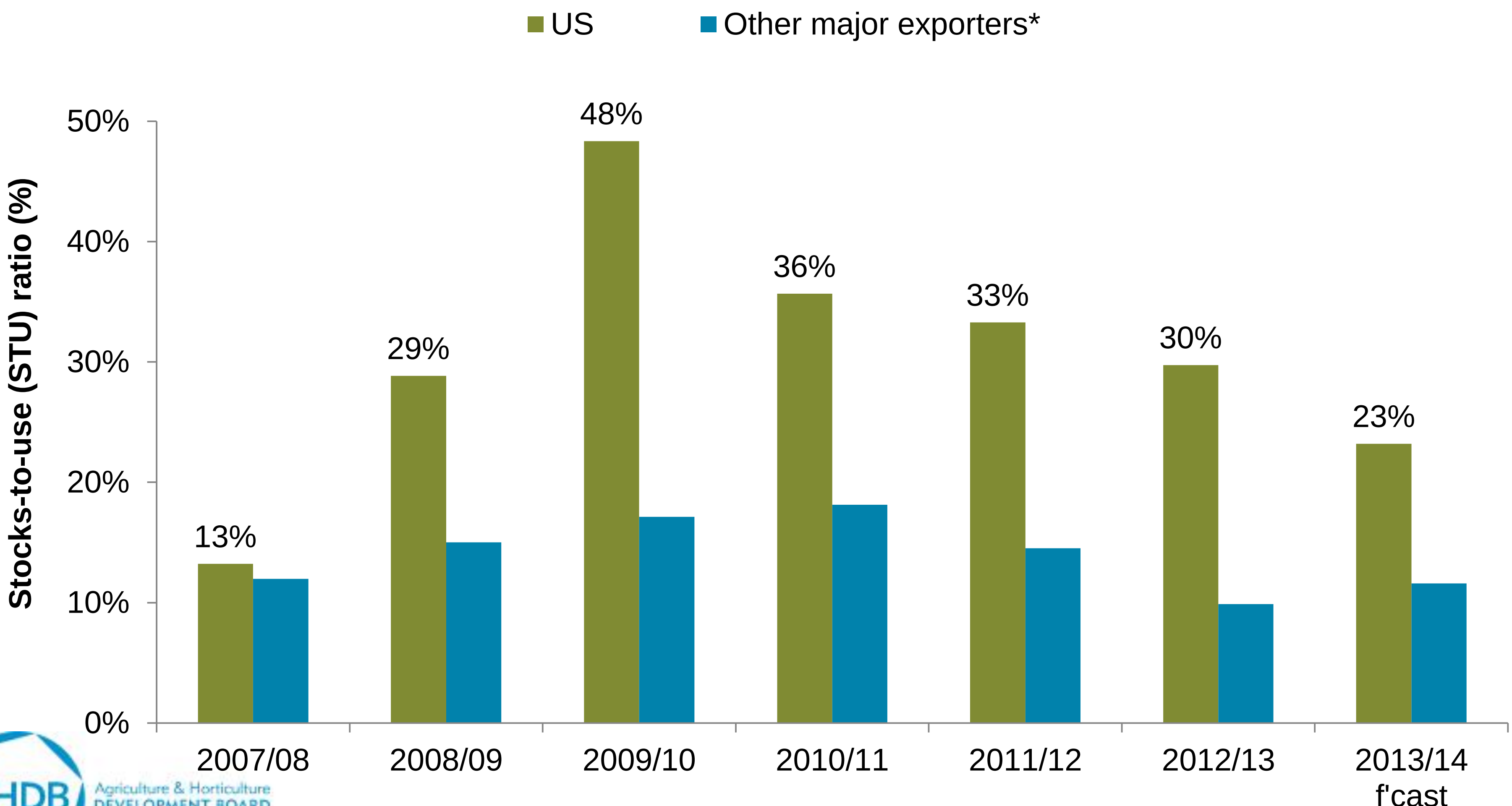
Source: AHDB/HGCA

Global wheat S&D – *persistent premiums to maize could undermine feed demand*



Source: USDA

Wheat exporter stocks-to-use ratios – *the US stock 'cushion' looks set to erode further*



Source: USDA

Changes in world wheat imports – *higher volumes from China, Brazil changing origins*

HGCA

Rank	2011/12		2012/13		2013/14 forecast	
1	Egypt	11.6	Egypt	8.2	Egypt	9.7
2	EU	7.2	Brazil	7.8	Brazil	7.6
3	Brazil	6.8	Indonesia	7.2	China	7.8
4	Indonesia	6.5	Japan	6.3	Indonesia	7.3
5	Algeria	6.3	Algeria	6.4	Algeria	6.5

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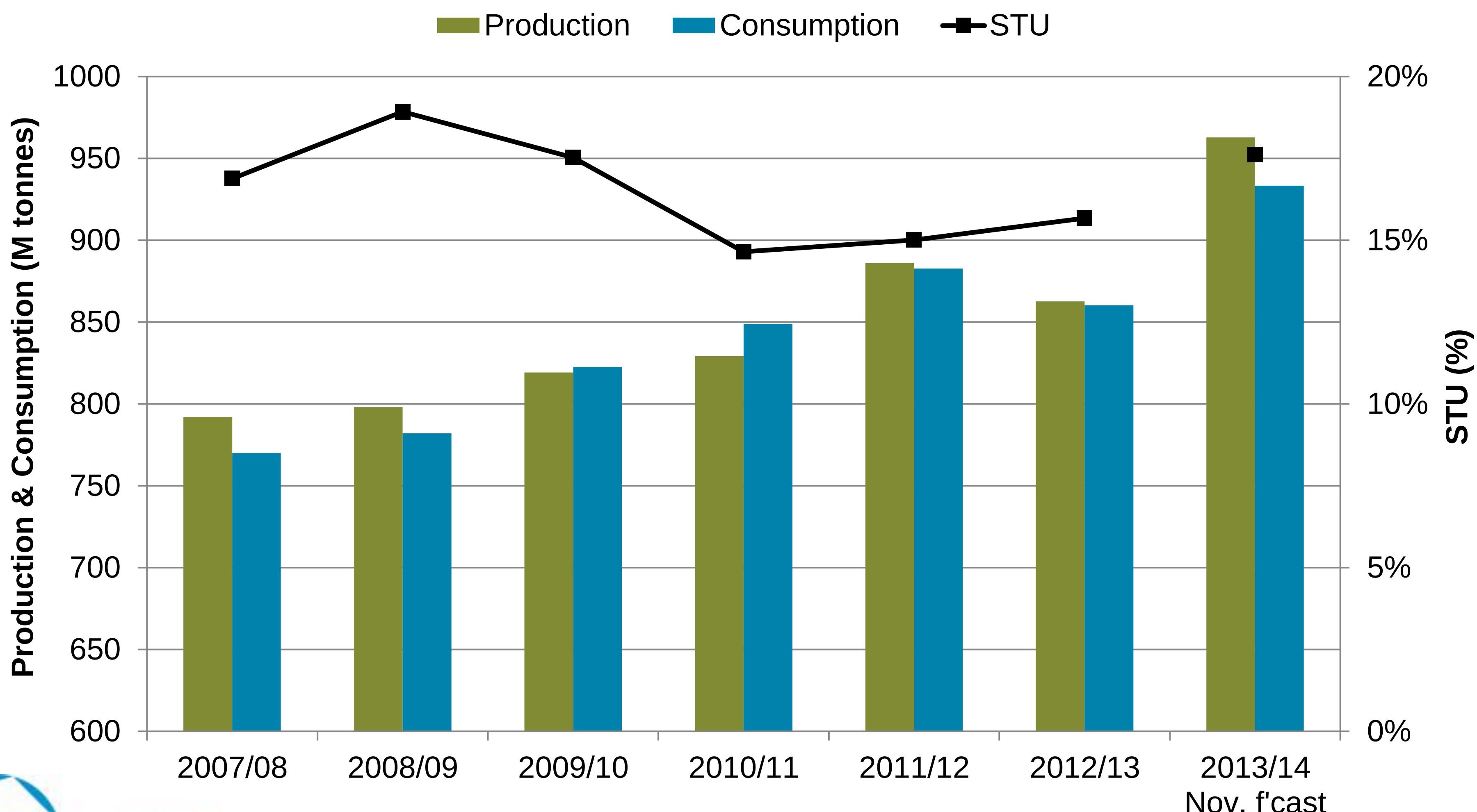
Source: IGC

Global maize supply and demand – *a much needed surplus, but need to maintain*

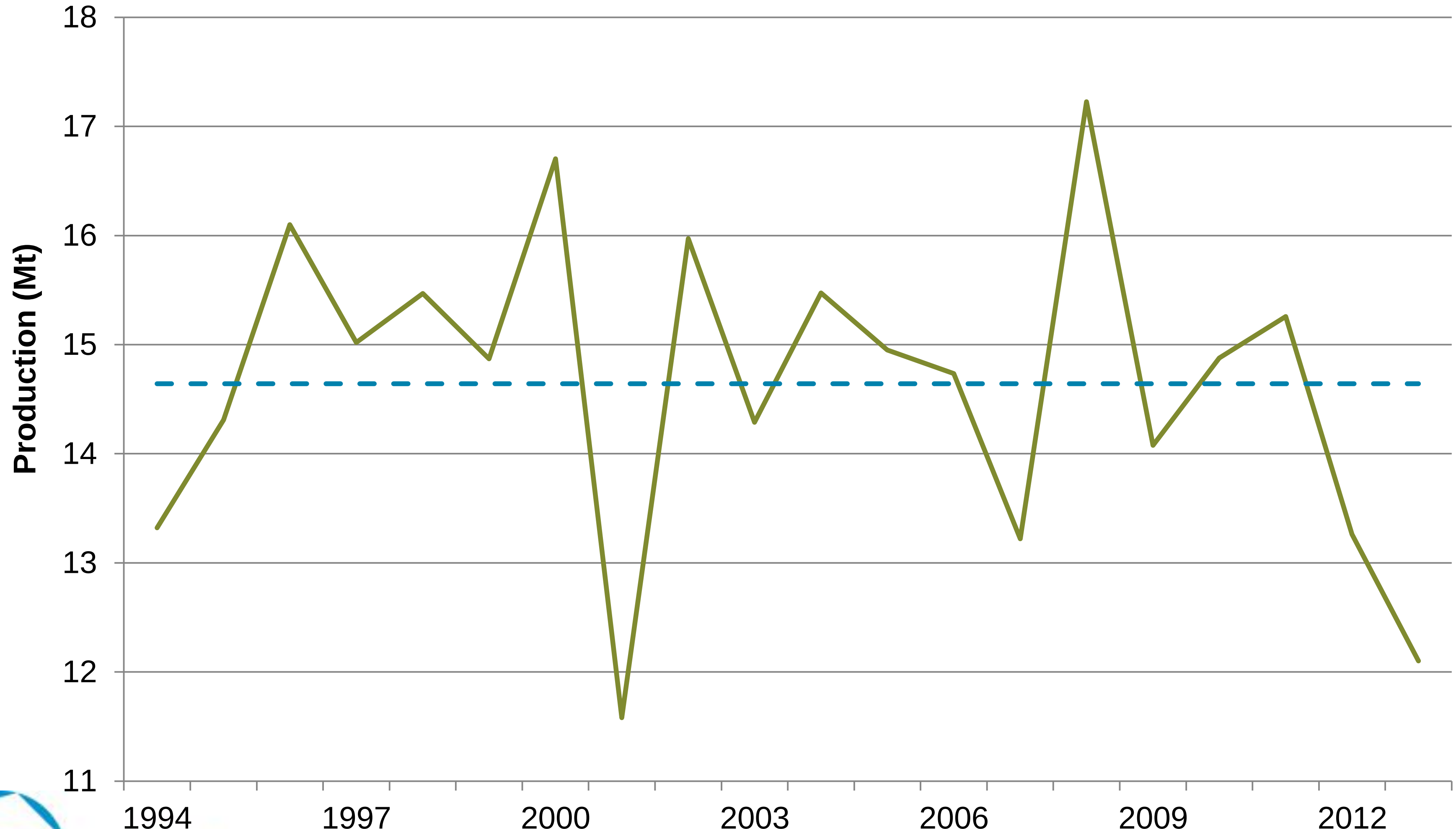


Source: USDA

The UK situation

UK wheat production in 2013- *the lowest in over a decade*

HGCA



Source: Defra

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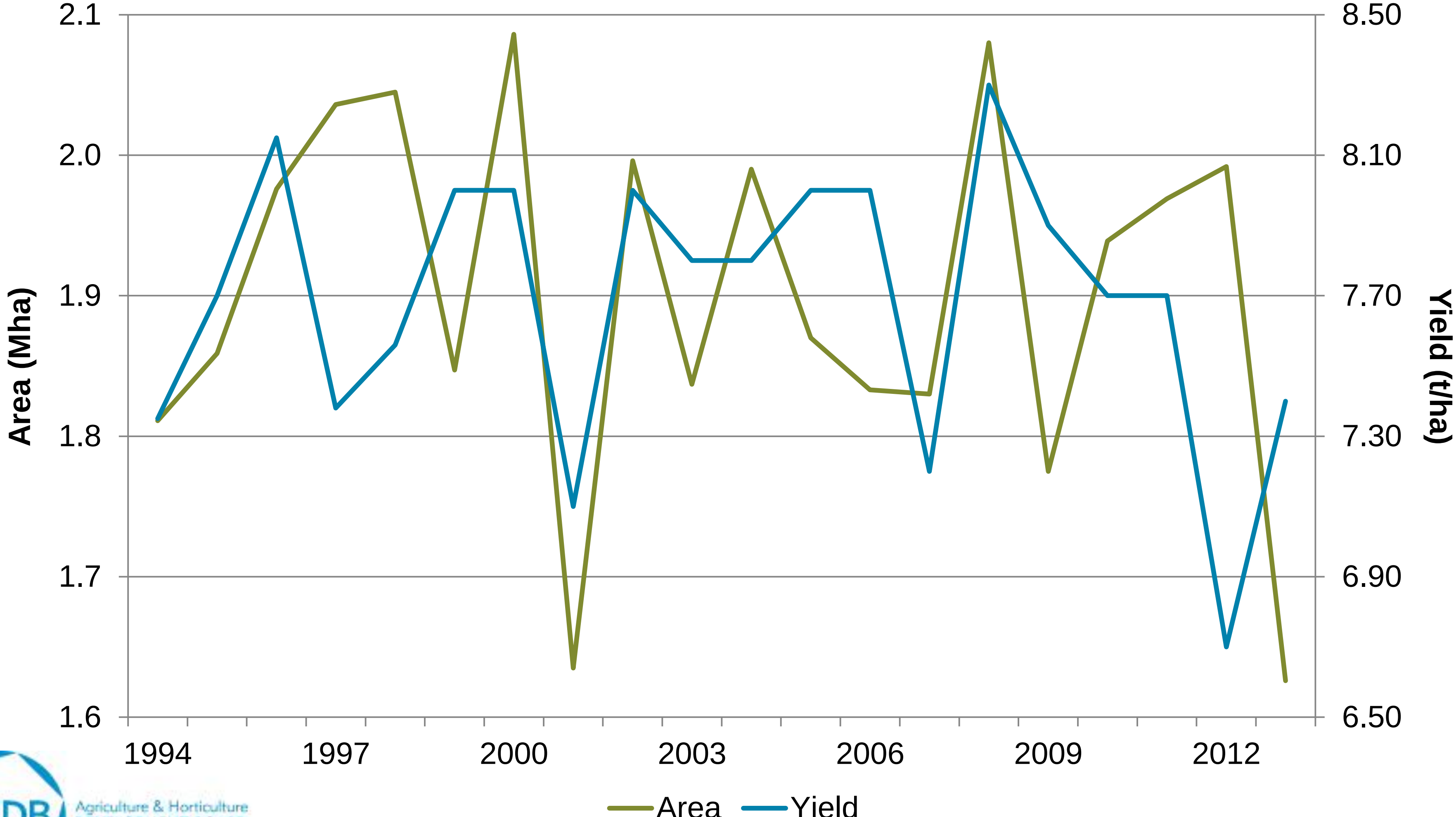
Yields improved- *but lower planted area*



Source: Defra

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Quality has improved compared to last year- *but by how much?*

HGCA

	2012	2013	Average (2009-2011)	Average (2010-2012)
Specific weight (kg/hl)	69.6	77.0	77.5	75.1
Hagberg (s)	237	314	267	259
Protein (%)	12.5	12.2	11.8	12.1

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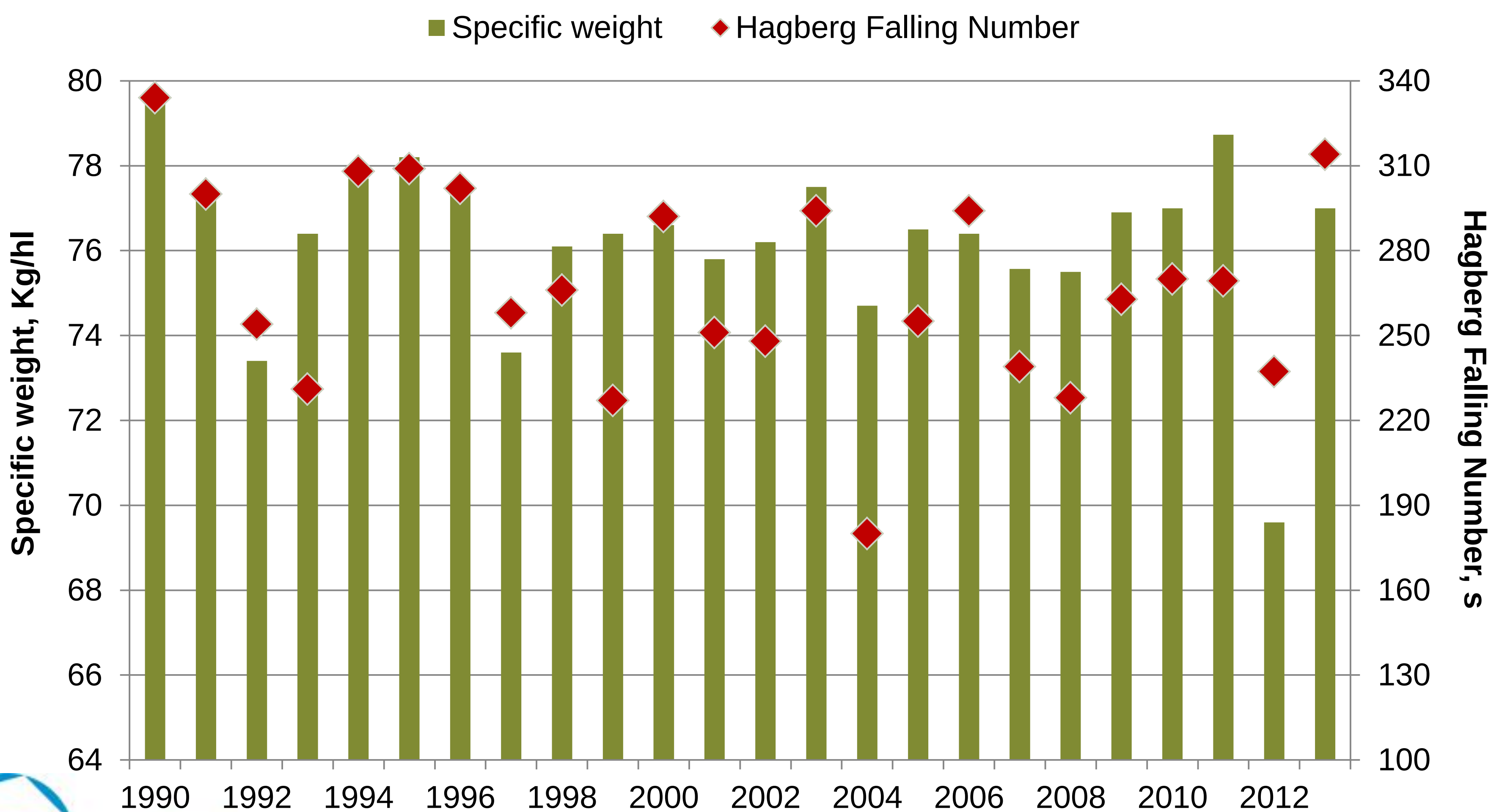
Source : AHDB/HGCA CQS

Highest Hagberg since 1990- *and recovery in specific weight*



Source : AHDB/HGCA CQS

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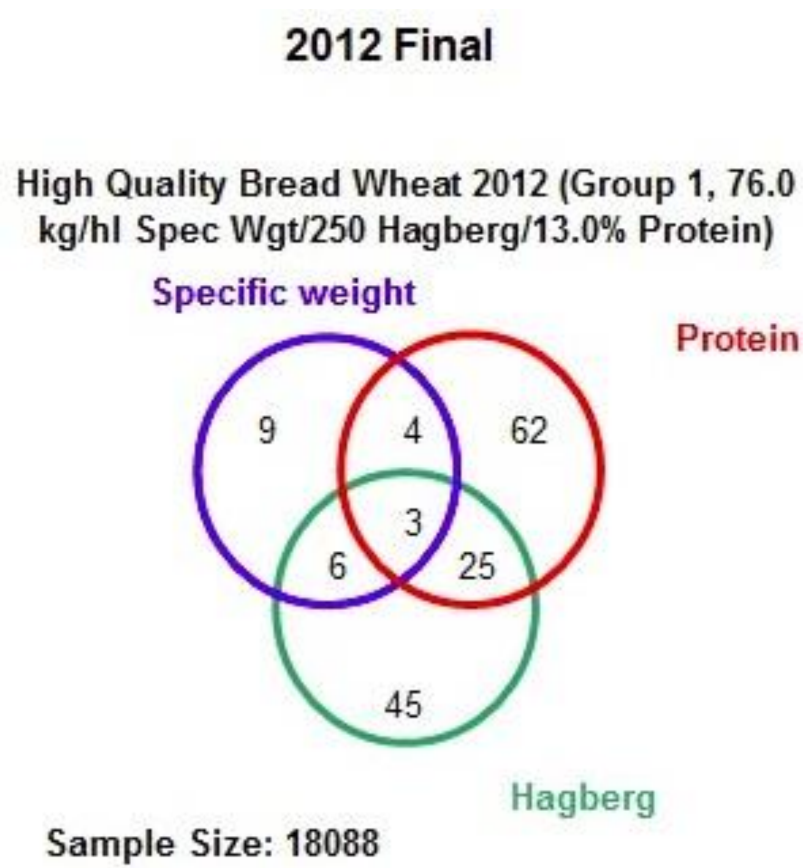
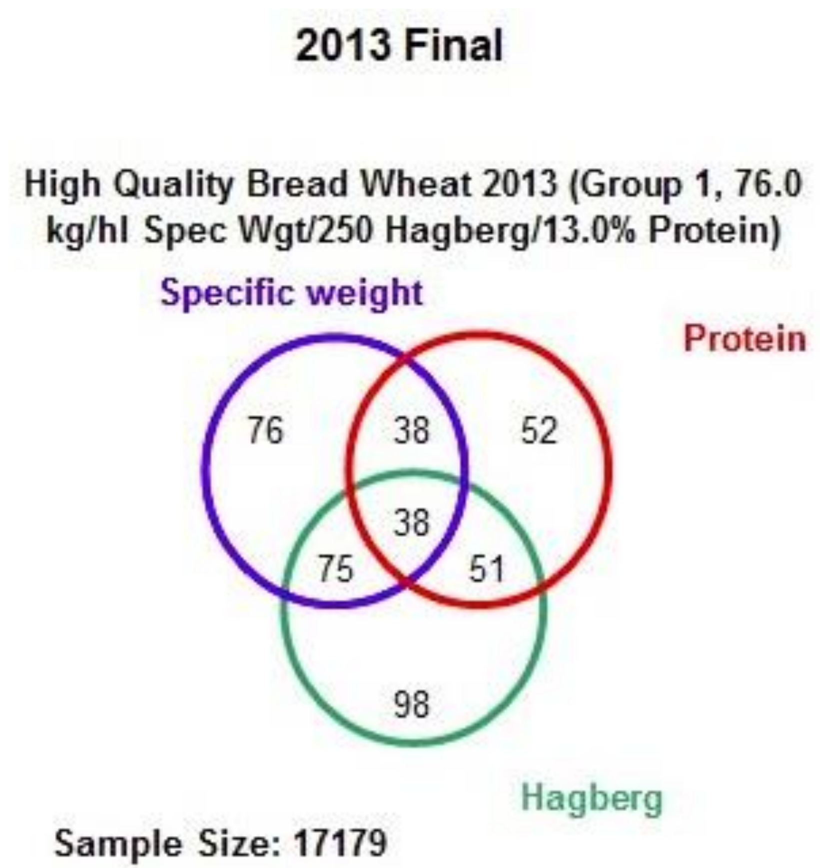
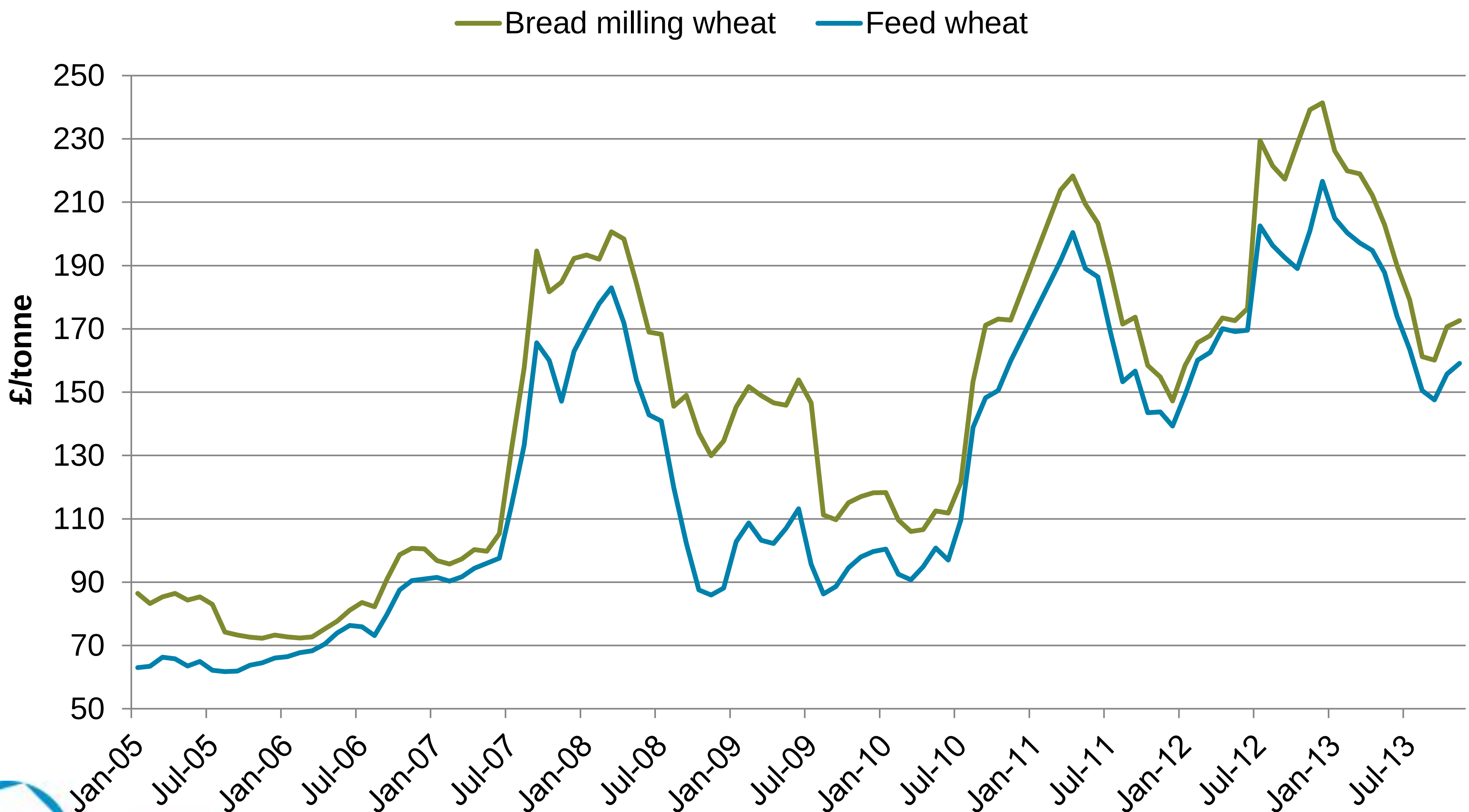
GB wheat quality in 2013 – *pushes most domestic crop supply concerns to feed wheat*





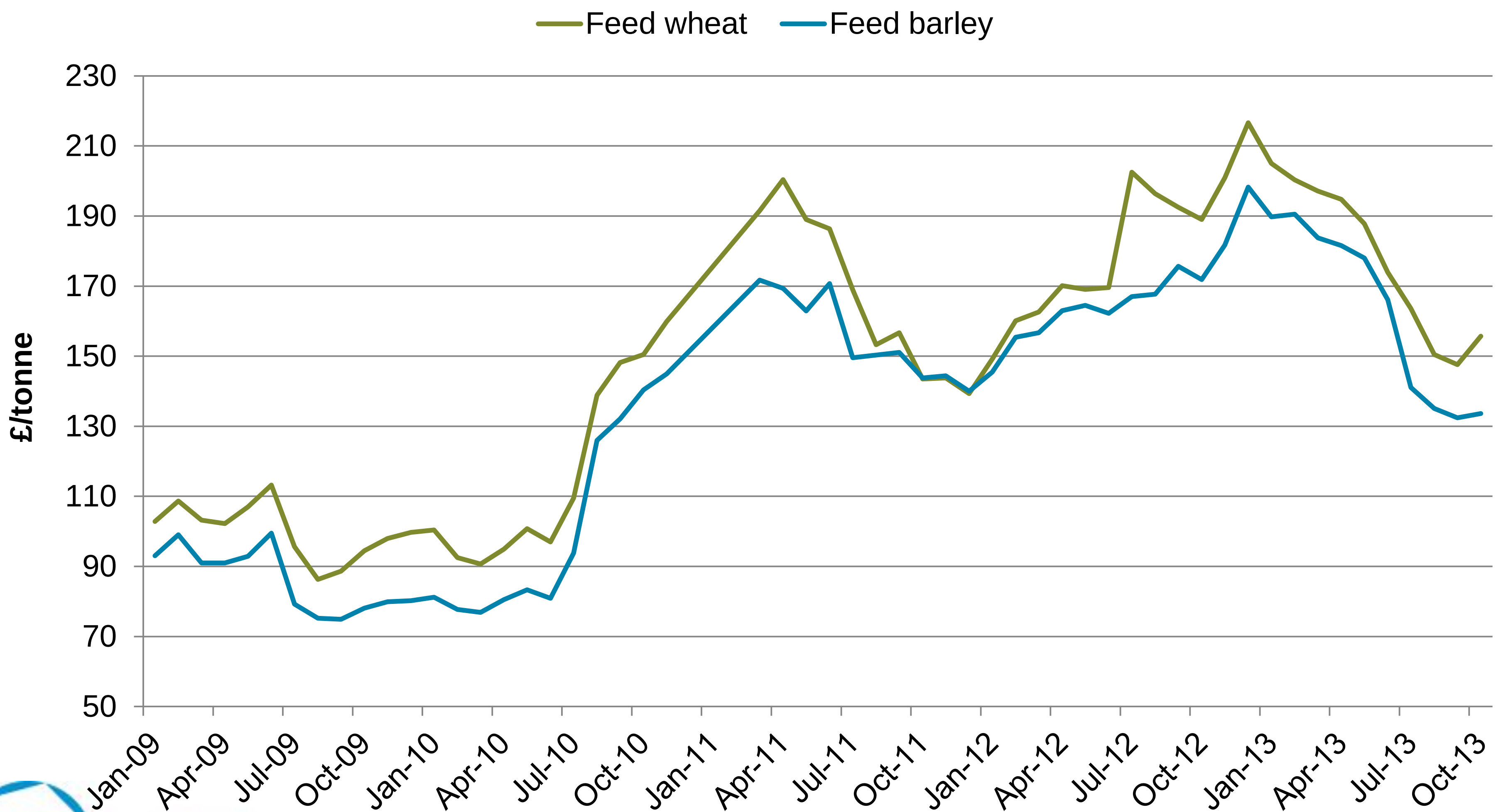
Source: AHDB/HGCA CQS

UK milling wheat and feed wheat prices



Source: AHDB/HGCA

Feed barley discount to feed wheat has increased



Source: AHDB/HGCA

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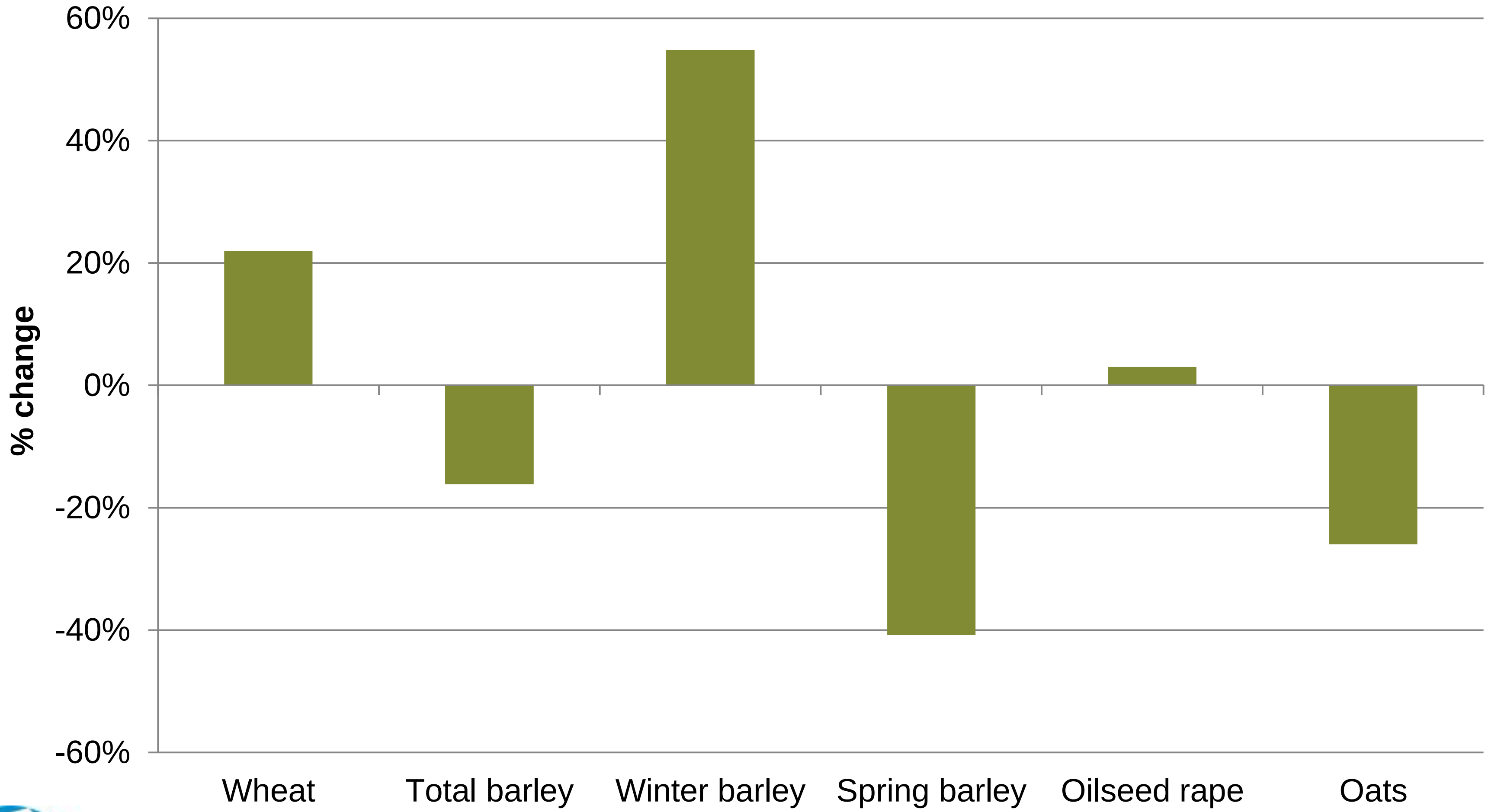
Autumn 2013 planting- *Early Bird Survey estimates suggest a return to normality*



Source: AHDB/HGCA/Andersons Centre

In Summary...

- Record wheat production and record maize production forecast for 2013/14 - Grain prices are lower year-on-year
- Wheat prices no longer following maize prices – erosion of US stock levels
- Demand from China and Brazil providing short-term price support, before Southern Hemisphere harvest becomes available
- UK wheat crop 2013 - low quantity, but good quality
- Higher proportion of domestic milling wheat puts pressure on UK feed wheat supply
- Cheaper alternatives available for feed (maize, barley, oats)
- Return to normality in 2013/14?

Thank you

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