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MI Prospects

What will 2013 bring?

The UK cropped area for harvest 2013 is one of the most uncertain in recent memory, following the wet autumn of 2012. Although, there has been a respite from the rain over the past week, crop establishment has been less than ideal and slugs are a problem in many areas. **ADAS reports that an estimated 10% of the autumn drilled area is at risk of failure,** with oilseed rape particularly affected. Although conditions are difficult and will impact yields, it must be remembered that final yield potential is far from fixed and there is still a long way to go until harvest 2013.

Spring cropping choices are difficult and dependent on the weather in early 2013 – seed availability and potential gross margins are also likely to impact (to be covered in the next issue of Prospects). However, the spring barley area looks likely to benefit.

This season, while the feed base price was supported by the tight global feed grain supply and demand situation - the high spring barley area across mainland Europe has pressured malting premiums. The situation for harvest 2013 is far from clear at this stage. In the rest of Europe, excluding France and the Scandinavian countries which have also been affected by wet weather, winter planting conditions have been generally favourable.

The global wheat area is forecast to increase as farmers respond to the higher prices. The northern hemisphere accounts for approximately 80% of world wheat production, of which a sizeable proportion has now been planted. Assuming reasonable weather conditions, the IGC forecasts, the world wheat harvested area will increase by 2.2%, potentially the largest harvested area since 1998. In particular, the wheat areas in Ukraine and Russia are expected to recover from the drought conditions seen this season.

If forecasts are realised, a larger harvested area raises the prospect of a larger wheat crop in 2013/14. While this potential shouldn't be ignored, it is important to remember this forecast is just the first of many pieces of information that will shape wheat production in 2013/14.

Spring wheat crops are still to be planted in the northern hemisphere, with many months until southern hemisphere wheat crops are planted. More important still is the yield potential of crops. **Yields are a larger determinant of production than area and are more variable over time.** Recent seasons have reminded us just how variable weather conditions can be and how unpredictable yields can be as a result.

Helen Plant

This is the last issue of Prospects for 2012 so the MI team wish you a Happy Christmas and a prosperous New Year.

In this issue...

UK Crop Development

A late and wet harvest followed by a wet autumn has meant that winter crop planting is 20% lower than 2011 at the end of November. Of those crops drilled only 75% were drilled in the optimum planting window and crops remain under pressure from poor growing conditions and slugs.

Susan Twining, ADAS, External Contributor

Overview

The main autumn 2012 drilling period from mid-August to the end of October was very wet. Average cumulative rainfall was in excess of 150% of normal for the period with further rain throughout November. There were two periods of extreme rainfall at the end of September and November that caused significant flooding on flood plains and widespread water-logged soils. Temperatures were slightly below normal for most of the period, but there were rarely any frosts until late November.

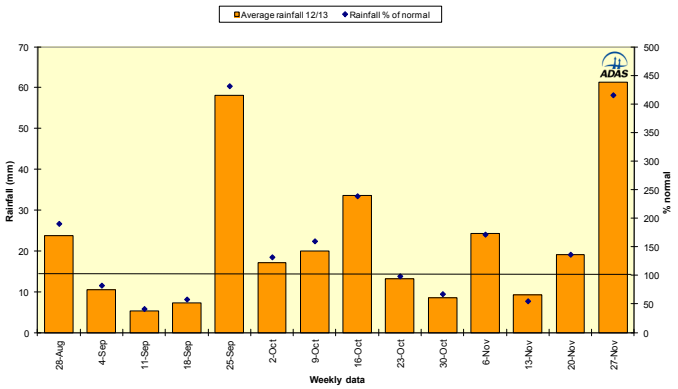
The late harvest delayed oilseed rape drilling in many regions, and wet weather caused further delays as soils remained at field capacity due to regular rainfall. **The area drilled up to the end of November is around 80% of the total winter crop area of harvest 2012.** There may be some further drilling of wheat over winter, if weather conditions allow. Of the crops that were drilled, most were drilled within the optimum window, but often into wet seedbeds with high levels of slug activity, and cool temperatures which slowed growth. About a quarter of crops were sown late resulting in small plants going into winter that will be more vulnerable to pest and disease. An estimated 10% of the drilled area is at risk of failure.

Weather

The autumn drilling period from September to November 2012 was very wet across the country, and was accompanied by cool air temperatures. Cumulative rainfall was above average in all regions which was particularly significant given the wet summer and harvest period, which had left soils very near field capacity.

Although there were some drier windows in early-mid September and mid-late October, which allowed some drilling progress, there were two extreme rainfall events at the end of September and November. These events caused significant flooding and water-logging especially in the South West, West Midlands and Yorkshire, and disrupted drilling and other field operations (Figure 1).

Figure 1 Average weekly rainfall September – November 2012



Planting Progress and Crop Development

Oilseed rape

Conditions during August and early September were good for drilling oilseed rape but the main problem was finding fields to drill, due to the late harvest of cereal crops and delays in removing straw. In the eastern counties where harvest was more progressed than other regions, some crops were drilled in August but **many crops were either drilled later than planned, or drilled in different fields to those originally planned.**

A dry period across much of the country during early to mid September allowed most farmers to complete OSR drilling within the optimum window. However, a higher proportion than normal was drilled in mid-late September, until high rainfall around the 25 September stopped any further drilling. Any planned crops that were not sown by then, remained unsown.

In the east, the earlier drilled crops established well, with good plant numbers and vigour. An estimated 25% of the crop area now has 6+ true leaves. The later drilled crops, especially those drilled after mid September have struggled to establish with slow growth and most plants remain at the 2-4 leaf stage, often with small plant size. Small crops are particularly at risk from over winter frost kill, slug damage and pigeon grazing**.** As a result, **up to 20% of the drilled winter oilseed rape area is of questionable viability.**

Weed control was also more difficult in the wet conditions with missed pre-emergence sprays, and caution over applying herbicides to small plants or crops that may not survive. Small plants are also more at risk from phoma infection, and with the first crops reaching treatment threshold in November, fungicides are a priority in many crops.

UK Crop Development

Winter wheat

Regular, and often heavy rainfall, reduced drilling opportunities with soils often near or at field capacity. Many farmers took any opportunity when conditions were marginally drier, often cultivating and drilling fields in less than ideal conditions. As a result the quality of seed beds tends to be poor this autumn. Crops that were drilled in September and October have tended to have reasonable establishment, although growth remains relatively slow and plants are showing reduced vigour compared to recent years. Crops drilled in November have been very slow to establish, taking up to three weeks to emerge.

An estimated 75% of intended wheat was drilled by the end of November. Further drilling of winter wheat is possible until the end of January if the weather allows, and spring wheat from December, but it is likely that the final area will fall short of the 2012 area. In addition, low plant numbers, slow growth and slug damage mean that about 7% of drilled crops are at risk of failure.

Crops were slow to establish and subsequent growth and development remain slow in the wet soils. The majority of crops reached 1-3 leaves (GS 11-13) by the end of November, with the earliest drilled crops starting tillering (GS 21-23). An estimated 10% of the wheat area reached tillering at the end of November compared to 80% in 2011. Some of the recently drilled crops are yet to emerge.

Winter Barley

Wet conditions disrupted drilling plans resulting in a lower area than intended and, with a rapid drop in yield potential for sowings after mid-November, further significant drilling is unlikely. Most crops were drilled in the optimal early October drilling window, but a higher proportion of crops than normal were drilled late in October and into early November. **An estimated 5% of the drilled area is of questionable viability due to poor germination and establishment** from late sowing, alongside a combination of waterlogged fields and some slug damage. Most crops were still at the one to three leaf stage (GS 11-13) at the end of November. About 25% of crops had started tillering (GS 22) compared to 90% in 2011.

Oats

The area of winter oats drilled is reduced compared to last year. Most fields were drilled in October, but about 20% of fields were drilled into November. It is unlikely that there will be more drilling over winter. Typical crops were at two to three leaves (GS 12-13) at the end of November.

Crop Areas

Given the upset in plans due to the late harvest and the wet drilling period, along with up to 10% of the drilled area at risk of crop failure, it is no surprise that there is no clear picture of crop areas. **Early indications are that autumn drilling of oilseed rape and winter barley may be down by 10-15% with no prospect of further drilling.** There will be some further drilling of winter wheat if conditions allow and an increase in spring sown varieties, but it is still likely that the final area will be short of the planned area. As a result spring crop areas will increase. **The choice of spring crops is very uncertain and will depend on the rotation, soil type, markets and seed availability,** but it is clear that there will be significant increases in all spring combinable crops including cereals, spring oilseed rape, spring field beans, peas and linseed. There may also be an increase in fallow land where soil structure was damaged at harvest or where there are high populations of difficult weeds such as black-grass.

Closing comments

Late drilling and poor patches in fields can all have an impact on final yields of cereals and oilseed rape. However yields are largely dependent on having an optimum sized canopy to intercept radiation during grainfill, so yield potential is not yet fixed. The change in crop area will certainly have an impact on 2013 production potential. Based on 5 year (2008-2012) average yields, the production of wheat could reach over 15 Mt if all planned crops are sown and survive but if the area is reduced by 10% then production may be around 13.5 Mt.

Key Points

- Wet and late harvest followed by a wet autumn has reduced autumn drilled crops by up to 20% compared to 2012 harvest
- An estimated 75% of drilled crops were sown within the optimum window but others may have lower yield potential
- About 10% of autumn drilled crops at risk of failure over winter
- Some major swings in cropping area with a shift to spring cropping due to poor drilling conditions but still some opportunity to drill late wheat

Malting Barley Update

Feed barley prices have followed global feed grain prices higher in 2012. However, feed barley in the UK is trading at a larger discount to feed wheat compared to last season due to tightening domestic wheat supplies. Malting premiums have also seen downward pressure due to a rebound in EU availability in 2012.

Lloyd Dixon Market Specialist team
02476 478862, lloyd.dixon@ahdb.org.uk

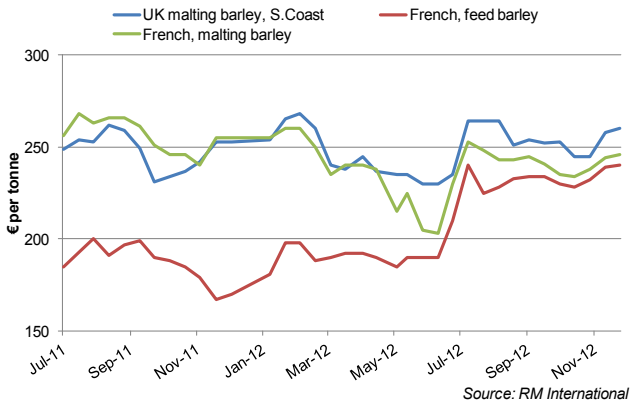
Price review

Over the last 12 months feed wheat prices have risen by 56% (LIFFE futures, 10 Dec) and maize prices by 24%, (CBOT futures, 10 Dec), yet malting barley has risen by just 2.8% over the same period (FOB south coast), to £211/t.

The reasons for this lie in Europe almost 12 months ago, where harsh winter conditions damaged areas of winter sown crops. Some of the damaged area was re-sown with spring barley, and as a result the EU-27 spring barley area was up 11% on 2010/11. In particular increased areas in France (up 41% on 2011) and Germany (up 40%) contributed to a 10% increase in spring barley production to 31.1Mt. Of this spring barley, 31% (9.7Mt) was estimated to be of malting quality (Strategie Grains), up from 27% (7.7Mt) last year.

With greater availability of malting barley in Europe, premiums have experienced noticeable downward pressure. However, during the same period global feed grain issues, mainly the US drought, have driven feed barley prices higher to more than offset lower premiums. Based on European export values in early December, the total malting barley price consisted of 98% feed base price and 2% premium. A year ago, this was 71% feed base price and 28% premium.

Figure 1 Barley Export Prices



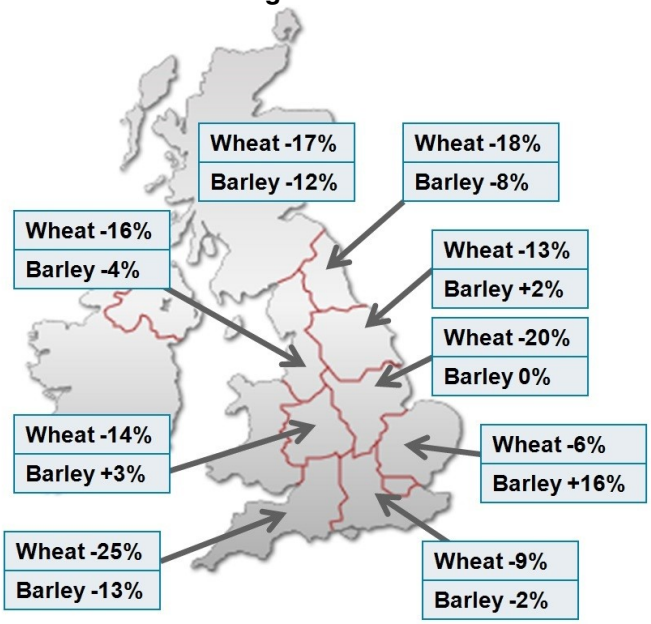
Source: RM International

With thin European malting premiums and strong feed grain prices there is a strong likelihood that some barley of malting quality will be diverted to feed markets. RMI Analytics (RMI) estimates that 0.5Mt of the 2012/13 EU malting barley crop could be used for feed, leaving an exportable surplus of 1Mt. Of this surplus, Russia is forecast to import 0.25Mt and China 0.2Mt. Although, RMI also note that if the wheat/barley price relationship stays as it is and malting premiums remain low, the volume diverted into feed could increase.

UK perspective

One of the big issues for UK grain supplies this season has been poor yield performance, due to poor growing conditions. Relative to wheat, barley yields have been less affected but extreme regional variation remains. Figure 2 shows the percentage change in 2012 wheat and barley yields against the previous five year average.

Figure 2 2012 wheat and barley yields change from 2007-2011 average



As a result of the production dynamics, the UK barley supply and demand balance sheets appears to be more typical than that for wheat. Figure 3 summarises the current Defra estimates for UK barley supply and demand.

Figure 3 UK Barley Supply and Demand

M tonnes	2011/12	2012/13 f'cast
Opening Stocks	0.87	0.94
Production	**5.49**	**5.53**
Imports	0.16	0.13
Domestic Demand	**4.78**	**5.00**
Human and Industrial	*1.82*	*1.82*
Feed	*2.78*	*2.98*
Exports	0.80	
Ending Stocks	0.94	

Source: Defra

Malting Barley Update

UK malting usage remains robust, supported by strong distilling demand in Scotland. With a wider discount to wheat, feed demand for barley this season looks set to increase from last season's historically low level.

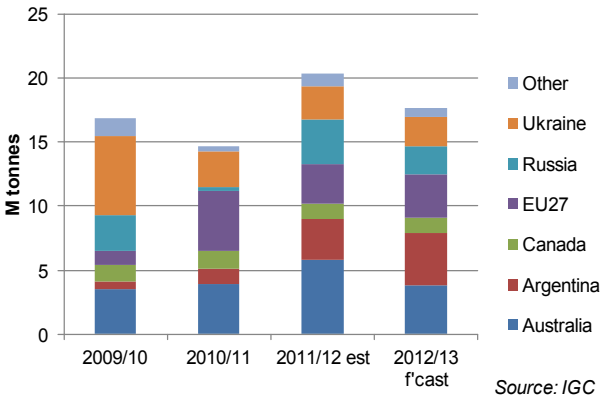
Looking forward to the 2013 harvest, barley is likely to see a rebound in area – principally spring barley. Poor weather this autumn has hampered winter crop planting and has created uncertainty around the condition of some crops, largely oilseed rape. **Spring barley offers a relatively competitive gross margin, but seed availability is likely to be a limiting factor.** It is logical to assume that a large proportion of the spring cropping could be barley, potentially pointing to a larger production level. The world price of barley will continue to take direction from the state of global feed grain supplies, principally maize. The malting premium will depend on the proportion of the EU barley crop that is of sufficient quality.

Global dynamics

USDA estimate 2012/13 world barley production at 130.1Mt, below last year's 134.3Mt and below the 10 year average of 139.8Mt. Russia, Ukraine and Kazakhstan had production declines due to the drought, which affected all cereal production in the region.

Figure 4 gives a breakdown of barley exports from the main origins. **The EU and Argentina are the only main exporters expecting to see a year-on-year increase in exports,** but much will depend on the yield and quality of the ongoing Argentine harvest.

Figure 4 World Barley Exports



Source: IGC

Final 2012 figures from Statistics Canada puts the Canadian crop at 8.01Mt up from 1.5% from 2011/12. Despite higher production year-on-year, a smaller proportion of the crop is likely to make malting grade due to summer heat which reportedly increased protein content and reduced germination and specific weights.

Australian production is forecast to be 6.86Mt (ABARES) down from last year's record 8.35Mt, and the lowest since 2007/6, somewhat offsetting larger production in the EU and Canada. Lower yields due to dry conditions (page 8 for more) were the main reason for the decline in production.

Argentine barley production is forecast to be 5.7Mt; a record crop as a result of the government's policy of controlling wheat exports, which has made barley a much more competitive crop for Argentine farmers. However, Argentine estimates on both production and quality are likely to evolve following the wet growing and harvesting seasons.

Figure 5 summarises the current barley estimates for the emerging Southern Hemisphere harvests of Argentina and Australia

Figure 5 Australian and Argentine Barley Production use and Exports

Australia (ABARES)	2010/11	2011/12 (est.)	2012/13 (f'casts)	
M tonnes			Jun 12	Dec 12
Production	8.0	8.3	7.0	6.9
Domestic use	2.6	2.2	2.6	2.2
Exports	5.4	6.2	4.4	4.7
Argentina (IGC)	2010/11	2011/12 (est.)	2012/13 (f'casts)	
			Oct 12	Nov 12
Production	3.0	4.1	5.6	5.7
Domestic use	0.6	0.5	1.0	0.6
Exports	2.0	3.8	4.0	4.6

Source: ABARES, IGC

Closing comments

Over the last year, the drivers of the malting barley price have changed with strengthening feed grain prices compensating for weakening premiums. With UK arable farmers likely to plant more spring barley in the coming months, weak malting premiums and strong feed grain prices may encourage yield maximisation rather than a focus on quality.

Key Points

- Good malting barley supply due to increases in EU production has depressed premiums
- However the underlying feed barley price has been well supported by the rise in feed grain prices.
- Potentially high domestic spring barley planting in 2013 due to poor autumn planting conditions

Prospects for World Wheat Harvested Area in 2013/14

World wheat area is forecast to grow 2.2% for 2013/14, according to the latest International Grains Council report. If realised this would be the largest area since 1998 although at this early stage, Southern Hemisphere planting estimates are tentative.

Sarah Nightingale, External Contributor

The International Grains Council (IGC) forecasts a 2.2% increase in the global wheat harvested area for 2013/14 to 223.2Mha, which is the largest area since 1998. Increases in harvested areas are forecast for the EU, Russia, Ukraine, USA and Argentina. While winter planting is now nearly complete in the northern hemisphere, the IGC figures are very tentative at this stage and subject to change over the next few months depending on weather conditions and grain price movements. This article looks at the outlook for wheat production in key regions in 2013/14 based on data from the IGC shown in Figure 1.

Figure 1 World Wheat Harvested Areas

M Hectares	2011	2012 (est.)	2013 (f'cast)	% change
Europe	**27.1**	**26.1**	**27.0**	**3.4%**
EU-27	26.0	25.0	25.8	3.2%
America	**27.7**	**29.9**	**30.4**	**1.7%**
Canada	8.5	9.4	9.3	-1.1%
USA	18.5	19.8	20.3	2.5%
South America	**8.3**	**7.2**	**8.1**	**12.5%**
Argentina	4.6	3.6	4.5	25.0%
Brazil	2.2	2.1	2.1	0.0%
CIS	**49.4**	**46.7**	**49.7**	**6.4%**
Kazakhstan	13.8	13.5	13.5	0.0%
Russia	24.9	23.5	25.5	8.5%
Ukraine	6.7	5.6	6.5	16.1%
Near East Asia	**18.1**	**18.6**	**18.2**	**-2.2%**
Iran	6.8	6.8	6.6	-2.9%
Syria	1.6	1.6	1.6	0.0%
Turkey	7.7	8.2	8.0	-2.4%
Far East Asia	**66.4**	**66.6**	**66.6**	**0.0%**
China	24.2	24.3	24.3	0.0%
India	29.4	29.6	29.6	0.0%
Pakistan	8.9	8.7	8.8	1.1%
North Africa	**6.8**	**7.2**	**7.1**	**-1.4%**
Egypt	1.3	1.3	1.3	0.0%
Morocco	3.0	3.0	3.0	0.0%
Oceania	**14.1**	**13.4**	**13.5**	**0.7%**
Australia	14.1	13.3	13.5	1.5%
WORLD TOTAL	**220.7**	**218.3**	**223.2**	**2.2%**

Source: International Grains Council

EU

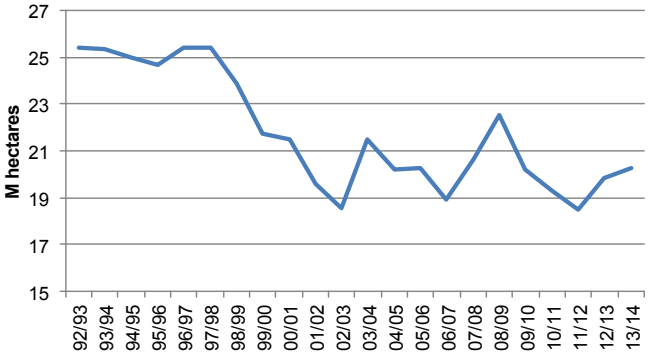
The IGC forecasts an increase of 3.2% in the EU wheat harvested area for 2013/14 to 25.8Mha (25.0Mha in 2012/13). The increase is entirely due to more common wheat plantings, which have been incentivised by high prices for this commodity. The countries with the largest wheat areas, France (5.08Mha), Germany (3.10Mha) and Poland (2.29Mha) are seen by Strategie Grains to increase their harvested areas by 4%, 2% and 10% respectively – although this follows a year of higher than normal winter kill.

Good autumn sowing conditions are reported for Germany, Poland and Spain, but heavy rainfall has affected the drilling of winter wheat in the UK, France and the Scandinavian countries. Late 2012 harvests and sodden fields have caused significant problems in these countries, and a larger proportion than usual of total wheat production is likely to be spring wheat. Very dry conditions continued into the autumn in South East Europe, and it is reported that farmers in Bulgaria, Hungary and Romania switched some of their planned oilseed acreage to cereals due to the late rains which came in mid-October.

USA

IGC forecasts US wheat harvested area to increase 2.5% from 2012/13 to 20.3Mha in 2013/14. There has been a long term downward trend in wheat area in the USA since the mid-1990s (Figure 2) as maize and soybeans have become increasingly profitable compared to wheat, partly as the result of GMO developments since 1996. Although there has been a slight upturn in the area sown for next season, the condition of the winter sown wheat in USA is causing concern due to a severe lack of rainfall in eastern areas.

Figure 2 US Wheat Harvested Area



Source: USDA / IGC

Prospects for Wheat Harvested Area in 2013/14

CIS

Wheat harvested area is forecast to rise 8.5% in **Russia** where high prices are encouraging plantings. Winter wheat comprises nearly two-thirds of total wheat production in Russia and last year around 16.1Mha of winter grains were sown in Russia. The government has recently reduced its forecast for total area sown for harvest 2013 to winter grains from 16.8Mha to 15.9Mha due to the continuing lack of moisture in the southern part of the country. There were however plentiful rains in the northern wheat producing area, while crops in the central region are reported to have made good progress in warmer than normal temperatures which could put them at risk of frost damage.

Reports suggest that **Ukraine** has experienced one of the best autumn sowing campaigns for over 5 years. IGC forecasts a 16% increase in wheat harvested area to 6.5Mha. While around 6.5Mha of winter wheat were sown last winter (which usually accounts for around 95% of total wheat production), there were significant losses due to a prolonged autumn drought and very low temperatures in early 2012. This year, the Ministry of Agrarian Policy in Ukraine reports that 6.6Mha have been sown to winter wheat.

North Africa

There has been ample precipitation in North Africa for winter sown cereals, which include wheat. Heavy rainfall has been reported in central and western **Morocco** as well as **Algeria** and **Tunisia**. This has replenished soil moisture reserves in Morocco which suffered a drought earlier this year, but in some cases the rain has been excessive and has delayed plantings. IGC forecasts harvested area in this region little changed from last year at 7.1M ha.

Far East Asia

IGC forecasts the wheat harvested area in Far East Asia to be unchanged in 2013/14, with the two largest producers, China and India harvesting 24.3Mha and 29.6Mha respectively. In **China** most wheat is sown in October. The government announced a 10% increase in the floor price for wheat in September and domestic prices of wheat have been rising rapidly in recent months. Dry and cooler than normal weather is reported to have settled over the North China Plain in recent weeks.

The sowing of wheat in **India** was delayed due to the late onset of monsoon rains in the country. A record 29.7Mha were sown last year, and by 23rd November the Ministry of Agriculture in India reported that wheat had been sown on 9.18Mha, down slightly from 9.23Mha at the same time last year. Weather conditions for the newly sown wheat are reported to be favourable for crop development, which will be aided by sufficient soil moisture and irrigation water this year.

Wheat sowing is also underway in generally good weather conditions in **Pakistan**, where IGC forecasts a slight increase in harvested area from 8.7Mha to 8.8Mha.

Near East Asia

Wheat harvested area is seen a little lower in this region at 18.2Mha, compared to 18.6Mha for 2012/13. Iran and Turkey are forecast to harvest slightly smaller areas. The main agricultural region of **Turkey** was dry but IGC reports improved soil moisture in central and eastern growing areas of the country, while drier conditions in the western part of the country promoted crop growth. **Iran** is also reported to have benefitted from rainfall in recent weeks.

Other regions

IGC forecasts a large increase in the wheat area in **Argentina** next year, following very low production for 2012/13. As the 2012/13 wheat harvest is only now underway in Argentina, farmers sowing intentions will become clearer in a few months. Wheat sowing will also not begin until next year in **Canada** and **Kazakhstan**; IGC forecasts little change to harvested areas in both these countries.

Summary

High wheat prices have encouraged farmers to increase wheat sowings for the 2013/14 season. Assuming reasonable weather conditions, IGC forecasts world wheat harvested area to increase by 2.2%, with the main increases being seen in Argentina, Ukraine and Russia. In general, conditions are favourable for the newly sown crops in the northern hemisphere, the exceptions being northern Europe and USA. As stock levels are reduced this season, the development of next season's wheat crop will be keenly watched over forthcoming months.

Key Points

- Early IGC figures forecast an increase in global wheat harvested area of 2.2%
- Increases are seen in EU, Russia, Ukraine, USA and Argentina
- Sowing in the northern hemisphere is almost complete
- UK, Northern France and Scandinavia are having a difficult sowing campaign due to persistent rain
- Much of the US winter wheat belt remains too dry

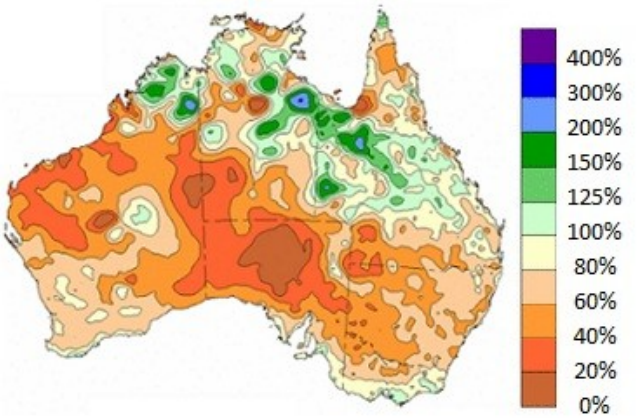
Australian Crop Production

Dry conditions throughout the growing season have reduced Australian crop production from last year's record levels. Wheat quality also looks to have improved due to higher protein levels, but higher levels of screening are a concern amongst malting barley crops.

Helen Plant, Market Specialist team
02476 478759, helen.plant@ahdb.org.uk

The 2012 winter cropping season has been much drier than the 2011 season, when above average rainfall helped Australia produce record crops. Total rainfall between April and November was around 60-80% of average in the major growing regions (Figure 1). Conditions were particularly dry during the key yield forming period (September and October). However, the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), stated in its 4 December report that crops in parts of eastern Australia were not as badly affected as might have been expected.

Figure 1 Percentage of Average Rainfall, 1 April - 30 November 2012



Source: Australian Bureau of Meterology

Although harvesting began earlier than usual in Western Australia (WA), considerably above average rainfall in November delayed harvest progress and raised some quality concerns. ABARES expects harvesting of winter crops in WA to be complete well before the end of December but warns that any further delays will present a risk to winter crop quality. Harvest is ongoing in southern New South Wales, South Australia and Victoria, but largely complete in Queensland and northern New South Wales.

Crop Production

Wheat production is forecast to fall 26% from the 2011/12 record to 22.0Mt (Figure 2). This follows a 5% drop in the planted area to 13.3Mha and a forecast average yield of 1.65t/ha, down 23% on last year but broadly in line with the 5 year average. However, if realised the crop remains above 2009/10 levels. Quality is reported to be generally good amongst crops harvested to date, with high protein levels being seen in WA.

Figure 2 Australian Winter Crop Production

M tonnes	2010/11	2011/12 est.	2012/13 f'cast	% change
Wheat	27.41	29.92	22.04	-26%
Barley	7.99	8.35	6.87	-18%
Canola	2.36	3.12	2.64	-16%
Oats	1.13	1.27	1.04	-19%

Source: ABARES

The 2012/13 **barley crop is forecast to be the smallest since 2006/07** at 6.87Mt. The main cause is a large drop in yields due to the dry weather. Although the planted area for harvest 2012/13 was 3% larger than last year at 3.9Mha, it is increasing from a low base. Quality is also reported to be an issue. High levels of screenings have been reported in South Australia with downgrading of malting barley to feed reported in WA, jointly accounting for 52% of 2012/13 production.

Canola (rapeseed) production is forecast to be 16% lower than the 2011/12 record at 2.64Mt, despite the planted area increasing 23% to a new record of 2.22Mha. However, if current estimates are realised it would still be the second largest crop on record. Quality is described as generally good, although there are some reports of oil contents being lower than last year due to the dry conditions. The Australian Oilseeds Federation estimated that the average oil content of canola in 2011/12 was 44.0%, equal to the record high of 2007.

Export implications

ABARES forecasts Australia will **export 20.9Mt wheat** in 2012/13, which although down from the record 24.7Mt exported last season would still be the second highest volume on record. Historically high wheat stocks as result of large crops in the past two seasons are expected to compensate for the smaller crop this season. With tightening supplies of EU and Black Sea wheat, Australian wheat may prove a welcome boost to global supplies.

Exports of both feed and malting barley are forecast lower this season, largely due to the reduced crop. For canola, there is opportunity to export to the European market, due to its domestic deficit and lower than expected production in Canada. ABARES forecasts total Australian canola exports at 2.02Mt, down 20% from last season.

AHDB-HGCA
Stoneleigh Park
Kenilworth
CV8 2TL. UK

T +44 (0) 24 7647 8760
F +44 (0) 24 7647 8904
mi@hgca.com
www.hgca.com