Feed Market Outlook

Brenda Mullan, Acting Senior Analyst, AHDB
Overview

• Global market overview
• UK market
• Looking ahead
• Keep in touch
Global market overview
Global supplies - three consecutive years of grain surplus

Global wheat & coarse grain production & demand

- Production
- Demand

Source: USDA
Global supplies – year after year of record soyabean production

Global soyabean production and demand

- **Production**
- **Demand**

Million tonnes

- 2010/11
- 2011/12
- 2012/13
- 2013/14
- 2014/15
- 2015/16

Source: USDA
Crude pressure and demand worries...

**Crude oil price and Russian exchange rate**

- **Brent crude oil**
- **RUB/USD**

Source: AHDB
Currencies changing export competitiveness

Source: ECB
UK market overview
UK wheat – 2nd year of +16Mt but demand in decline

Source: AHDB/Defra

*Defra forecast
UK barley — builds on UK grain availabilities

Source: AHDB/Defra

*Defra forecast

Source: AHDB/Defra
Feed grain prices - barley discount narrowing

Source: AHDB
Maize competing?

UK ex-farm feed grains and imported maize

- Feed wheat
- French maize

Source: AHDB
But plenty still coming in…

**UK cumulative maize imports**
- 2013/14
- 2014/15
- 2015/16

**UK cumulative wheat exports**
- 2013/14
- 2014/15
- 2015/16

Source: HMRC
Carry - reflects export pace and encourages farmers to store

UK feed wheat price carry

- May-16, £113.75
- Jul-16, £116.65
- Nov-16, £122.90

Source: AHDB
Animal feed production — *pigs* and *poultry* driving demand

2015/16 July-November animal feed production compared with same period last year

<table>
<thead>
<tr>
<th>Category</th>
<th>% change on Jul-Nov 2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cattle and calf</td>
<td></td>
</tr>
<tr>
<td>Pig</td>
<td></td>
</tr>
<tr>
<td>Poultry</td>
<td>+10%</td>
</tr>
<tr>
<td>Sheep</td>
<td>+5%</td>
</tr>
<tr>
<td>Total</td>
<td>+5%</td>
</tr>
</tbody>
</table>

Source: Defra
Pulse inclusion more than doubles

Pulses (field peas & beans) used in the production of compound animal feed

- 2010/11
- 2011/12
- 2012/13
- 2013/14
- 2014/15
- 2015/16

Source: Defra
Looking ahead
UK planting intentions - *wheat steady, barley still gaining and looking for alternative break crops*

<table>
<thead>
<tr>
<th>Crop</th>
<th>Area (Kha)</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>1.83Mha</td>
<td>Static</td>
</tr>
<tr>
<td>W. Barley</td>
<td>424Kha</td>
<td>-4%</td>
</tr>
<tr>
<td>S. Barley</td>
<td>727Kha</td>
<td>+10%</td>
</tr>
<tr>
<td>Oats</td>
<td>148Kha</td>
<td>+13%</td>
</tr>
<tr>
<td>OSR</td>
<td>565Kha</td>
<td>-14%</td>
</tr>
<tr>
<td>Pulses</td>
<td>242Kha</td>
<td>+15%</td>
</tr>
</tbody>
</table>

Source: Met Office, The Andersons Centre (intentions as at early November)
World winter crop areas for 2016/17 and crop conditions

- **Canada**: 2016 wheat area expected to be broadly stable.
- **US**: Drought reducing in key states but lower prices – lower winter wheat area.
- **EU-28**: Generally good start; broadly stable wheat and rapeseed areas expected.
- **Russia / Ukraine**: Winter crop area reduced by dry weather delays. Higher risk of cold weather damage. Expanded spring areas?
- **N. Africa**: Dry weather assisted planting but rain desperately needed.
- **India**: Planting under way but more moisture needed.
Summary

• High global stocks – bumps in the road but not enough to change downward trend

• Currencies and crude impacting export competitiveness and demand potential

• Pig and poultry driving animal feed demand – but could low pig prices jeopardise growth?

• Little information at present to suggest feed prices on the rise
Keep in touch...

**Market Report**

1 February 2016 / Vol 10 Issue 30

**Summary of the week**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bullish</strong></td>
<td>Further suggestions that India may have increased wheat import requirements in 2016/17. Speculation over Russian production cuts supports crude oil prices</td>
</tr>
<tr>
<td><strong>Neutral</strong></td>
<td>Confusion over Egyptian wheat specification, Look out for December usage data released Thursday</td>
</tr>
<tr>
<td><strong>Bearish</strong></td>
<td>EU soft wheat stocks still set to rise despite higher demand: Raytheon shipment destined for 2015/16 delivery to China was cancelled</td>
</tr>
</tbody>
</table>

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- Dryer cover falls as temperatures rise in Eastern Europe
- Price summary
- International Futures prices (May-16)
- Delivered prices
- UK soft wheat prices
- Export prices
- Government

**Winter wheat ratings improved in key US growing region**

The latest conditions ratings reports released by the USDA showed improvements for Kansas winter wheat at the end of January, with 55% of the crop in good to excellent condition. Not only is this an increase from the 54% which was recorded in the previous month, but much higher than this time last year when only 46% of the crop fell into this category.

In line with this, improvements were recorded in Illinois, with 65% of winter wheat in good or excellent condition, up from 58% in December. However, not all states saw an increase in ratings, with Oklahoma down to 74%. This may have fallen from 77%...
Thank you

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