



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 9/11/2008

GAIN Report Number: GM8040

Germany

Grain and Feed

German Grain Prices Falling Due to Large Harvest 2008

Approved by:

Bobby Richey, Jr.
U.S. Embassy Berlin

Prepared by:

Dietmar Achilles

Report Highlights:

As result of the large grain crops harvested in Germany and other European countries, German grain markets have completely turned around from last year. Producer prices have fallen significantly during the past several months. Since farmers are in the need for cash to cover expenses for fertilizers and seeds, their additional sales are likely to add to the saturated grain market and could contribute to further price declines.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Berlin [GM1]
[GM]

German Grain Crop 2008

This year, German farmers harvested a near record grain crop totaling an estimated 49.9 MMT. This compares to 51.1 MMT harvested in 2004 and 40.6 MMT in 2007. The increase in production is mainly attributed to a record production area of 7.05 million hectares and significantly higher yields than during the previous three years. Most of the grains were harvested fairly dry and could be stored without additional drying.

As a result of the large crop, grain prices have fallen drastically during recent months. Several market experts fear a further decline in prices during the next several weeks since farmers are in need of cash for the purchase of seeds and significantly more expensive fertilizers for fall application.

German Grain Production

	2007			2008		
	Area 1000 ha	Yield MT/ha	Production 1,000 MT	Area 1000 ha	Yield MT/ha	Production 1,000 MT
Winter Wheat	2,955	6.99	20,639	3,169	8.10	25,657
Spring Wheat	30	5.08	151	43	5.66	244
Durums	8	5.01	38	7	5.69	37
All Wheat	2,992	6.96	20,828	3,219	8.06	25,938
Rye	671	4.02	2,698	738	4.99	3,683
Winter Barley	1,424	5.81	8,280	1,423	6.61	9,398
Spring Barley	493	4.27	2,105	545	4.86	2,651
All Barley	1,917	5.42	10,385	1,968	6.12	12,049
Oats	178	4.09	728	180	4.57	822
Spring Mixed	20	3.83	77	18	4.14	75
Winter Mixed	10	4.75	46	10	5.54	55
Triticale	381	5.41	2,061	400	5.97	2,387
All	411	5.32	2,184	428	5.88	2,516
Corn	403	9.49	3,809	518	9.38	4,860
Grand Total	6,572	6.18	40,632	7,049	7.08	49,868

Source: German Statistics Office

Wheat

Due to mixed weather during recent months the harvest period in 2008 was somewhat longer than in normal years. The late harvested wheat, particularly in Northern Germany, is partly sprout damaged. Preliminary quality reports indicate that average protein content in wheat is somewhat lower than in 2007 probably reaching a level of about 13 percent. The market is well supplied with baking quality wheat and should meet all domestic demand with sufficient exportable supplies. The large crop volume and harvest problems have resulted in an unexpected glut of feed wheat.

Compared to the beginning of 2008, grain markets have switched direction. Prices have dropped by €40-€60 per ton compared to September 2007. However, there is currently a premium of about €45/ton paid for so-called elite quality wheat varieties with more than 13.5 percent protein. These elite wheat varieties are used for blending with regular baking wheat reportedly used for export purposes. Feed wheat receives significantly lower prices since it has to compete with the glut of other grains for feed use.

A significant portion of the harvested grains has been delivered to the trade for storage but has not yet been sold. In view of sliding prices farmers are increasing offering their grains for sale to prevent further losses. Unfortunately, the processing industry is said to be well supplied until the end of the CY and are currently not active buyers. Currently only the export markets take advantage of the lower price level for grains. Demand for German wheat in the Mediterranean Basin and the Near and Middle East countries including Iraq is said to be strong.

Feed use of wheat in the past marketing year had dropped to a low level of 3.8 MMT since it was more profitable to sell the wheat to flour millers and to export markets. As result of the overwhelming wheat harvest in 2008, the use of wheat in feed is expected to increase again replacing sorghum, corn and tapioca imports from non-EU countries. It is also expected that an increasing amount of low quality feed wheat will be processed in ethanol plants.

Wheat prices at farm gate, in Euro per MT		
	Mid September 2008	Mid September 2007
Elite wheat	201.53	257.95
Quality wheat	171.50	245.35
Bread wheat	156.95	236.88
Feed wheat	147.45	220.47
Source: ZMP		

Barley

German barley is reported to be of good quality since most of it was harvested before the rainy period. Brewing barley quality is also said to be satisfactory and available in sufficient quantity of about 1.8 MMT. In export markets outside the EU, German feed barley is facing strong competition from feed grains in the Black Sea region. However, rumors that barley prices will hit the low EU intervention price level of € 101.31 are said by international grain traders to be overly pessimistic. Before this happens, these international traders are confident they will find customers in the export markets. In order for barley to end up in intervention farm gate barley prices would have to drop to a level near € 90.00/MT.

Barley prices at farm gate, in Euro per MT		
	Mid September 2008	Mid September 2007
Feed barley	141.99	213.41
Brewing barley	185.65	250.13
Source: ZMP		

Other Grains

Dramatic price reductions of more than € 80 per MT are reported for rye since the 2008 rye crop has been about one third larger than in 2007, amounting to 3.7 MMT. The demand by flour mills is estimated at about 900,000; another 500,000 MT may be consumed by the ethanol industry. The remaining 2.0 MMT will have to find a home in the feeding sector and compete with the large volume of other feed grains, which the feed industry generally prefers.

Oats are reportedly of good quality so that there is no shortage for the food industry.

Growing conditions for corn have been excellent, thus, well above average yields can be expected. In view of the slide in grain prices farmers are already reconsidering whether they should harvest the corn for silage instead of grain corn. The demand for corn silage for biogas facilities is growing but at the same time the production area for silage corn has also been expanded by about seven percent.

The German market for grain corn is also expected to be flooded with supplies from Hungary and other Central European countries in the coming months.

Other grain prices at farm gate, in Euro per MT		
	Mid September 2008	Mid September 2007
Bread rye	130.50	226.57
Feed rye	123.12	220.07
Corn	161.10	220.21
Triticale	141.54	212.32
Oats	157.95	204.93
Source: ZMP		

Grain PS+D's

Wheat	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09
Area harvested	2,969	2,896	3,015	2,964	3,112	3,174	3,115	2,992	3,169
Begin Stocks	2,177	3,230	2,727	2,951	2,402	6,719	5,757	3,641	2,506
Production	21,622	22,838	20,818	19,260	25,427	23,693	22,428	20,828	25,940
MY Imports	1,768	1,244	2,364	1,638	1,674	2,192	2,266	3,214	2,000
Jul/Jun Imp	1,768	1,244	2,364	1,638	1,674	2,192	2,266	3,214	2,000
Jul/Jun Imp US	50	28	19	3	2	4	0	24	0
Tot Supply	25,567	27,312	25,909	23,849	29,503	32,604	30,451	27,683	30,446
MY Exports	6,085	7,215	5,367	4,293	5,296	6,626	5,869	5,477	6,900
Jul/Jun Exports	6,085	7,215	5,367	4,293	5,296	6,626	5,869	5,477	6,900
Feed+Loss	8,464	8,915	9,141	7,856	9,283	11,200	11,291	10,350	11,000
FSI	7,788	8,455	8,450	9,298	8,205	9,021	9,650	9,350	9,500
Tot Dom									
Consump	16,252	17,370	17,591	17,154	17,488	20,221	20,941	19,700	20,500
Ending Stocks	3,230	2,727	2,951	2,402	6,719	5,757	3,641	2,506	3,046
Tot Distrib	25,567	27,312	25,909	23,849	29,503	32,604	30,451	27,683	30,446
1 ton of flour * 1.37 = wheat grain									

Durums	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09
Area harvested	9	5	5	7	8	10	12	8	7
Begin Stocks	131	77	93	92	87	87	134	135	98
Production	45	24	26	35	50	51	62	38	37
MY Imports	234	293	310	315	315	405	489	426	430
Jul/Jun Imp	234	293	198	315	315	405	489	426	430
Jul/Jun Imp US	31	27	16	1	1	10	0	0	
Tot Supply	410	394	429	442	452	543	685	599	565
MY Exports	1	1	17	21	0	0	0	1	0
Jul/Jun Exports	1	1	17	21	0	0	0	1	0
Feed+Loss	4	5	18	28	28	25	20	20	10
FSI	328	295	302	306	337	384	530	480	470
Tot Dom									
Consump	332	300	320	334	365	409	550	500	480
Ending Stocks	77	93	92	87	87	134	135	98	85
Tot Distrib	410	394	429	442	452	543	685	599	565

Rye	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09
Area harvested	843	837	728	531	625	549	539	671	738
Begin Stocks	3,644	4,254	5,534	5,466	3,601	2,829	1,585	404	357
Production	4,154	5,132	3,666	2,277	3,830	2,794	2,644	2,698	3,700

MY Imports J/J	14	12	75	26	38	143	119	155	50
Oct/Sep Imp TY	17	12	75	26	38	143	119	155	50
Oct/Sep Imp US	0	0	0	0	0	0	0	0	0
Tot Supply	7,812	9,398	9,275	7,769	7,469	5,766	4,348	3,257	4,107
MY Exports vJ/J	1,274	924	858	1,199	1,364	1,354	765	250	400
Oct/Sep Export TY	984	982	973	1,199	1,364	1,354	765	250	400
Feed+Loss	1,200	1,627	1,611	1,312	1,767	1,625	1,280	1,300	1,500
FSI	1,084	1,313	1,340	1,657	1,509	1,202	1,899	1,350	1,720
Tot Dom									
Consump	2,284	2,940	2,951	2,969	3,276	2,827	3,179	2,650	3,220
Ending Stocks	4,254	5,534	5,466	3,601	2,829	1,585	404	357	487
Tot Distrib	7,812	9,398	9,275	7,769	7,469	5,766	4,348	3,257	4,107

Barley	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09
Area harvested	2,068	2,112	1,970	2,075	1,979	1,947	2,025	1,917	1,968
Begin Stocks	4,463	2,519	3,591	1,936	1,366	2,524	2,465	1,652	937
Production	12,106	13,495	10,928	10,596	12,993	11,614	11,967	10,385	12,050
MY Imports J/J	716	741	757	774	603	723	1,168	1,200	700
Oct/Sep Imp TY	736	739	753	774	603	723	1,168	1,200	700
Oct/Sep Imp US	0	0	0	0	0	0	0	0	0
Tot Supply	17,285	16,755	15,276	13,306	14,962	14,861	15,600	13,237	13,687
MY Export J/J	4,882	2,810	2,547	2,095	1,675	2,105	2,516	1,300	1,600
Oct/Sep Export TY	3,997	2,307	2,983	2,095	1,675	2,105	2,516	1,300	1,600
Feed+Loss	7,014	7,506	7,112	7,279	7,455	7,400	8,400	8,100	8,100
FSI	2,870	2,848	3,681	2,566	3,308	2,891	3,032	2,900	3,000
Tot Dom									
Consump	9,884	10,354	10,793	9,845	10,763	10,291	11,432	11,000	11,100
Ending Stocks	2,519	3,591	1,936	1,366	2,524	2,465	1,652	937	987
Tot Distrib	17,285	16,755	15,276	13,306	14,962	14,861	15,600	13,237	13,687

Oats	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09
Area harvested	237	233	233	262	228	210	184	178	180
Begin Stocks	237	222	241	217	222	253	214	198	126
Production	1,087	1,151	1,016	1,202	1,186	964	830	728	810
MY Imports J/J	107	101	91	93	76	118	229	250	200
Oct/Sep Imp TY	110	95	102	93	76	118	229	250	200
Oct/Sep Imp US	0	0	0	0	0	0	0	0	0
Tot Supply	1,431	1,474	1,348	1,512	1,484	1,335	1,273	1,176	1,136
MY Export J/J	24	36	33	32	47	71	25	30	40
Oct/Sep Export TY	23	39	33	32	47	71	25	30	40

Feed+Loss	880	891	846	915	884	700	700	670	600
FSI	305	306	252	343	300	350	350	350	350
Tot Dom									
Consump	1,185	1,197	1,098	1,258	1,184	1,050	1,050	1,020	950
Ending Stocks	222	241	217	222	253	214	198	126	146
Tot Distrib	1,431	1,474	1,348	1,512	1,484	1,335	1,273	1,176	1,136

Mixed Grains	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09
Area harvested	539	570	596	545	541	516	439	411	428
Begin Stocks	170	284	326	266	201	344	265	207	115
Production	2,979	3,589	3,225	2,670	3,461	2,834	2,385	2,183	2,530
MY Imports J/J	2	2	3	1	8	46	37	40	40
Oct/Sep Imp TY	2	1	2	1	8	46	37	40	40
Oct/Sep Imp US	0	0	0	0	0	0	0	0	0
Tot Supply	3,151	3,875	3,554	2,937	3,670	3,224	2,687	2,430	2,685
MY Export J/J	67	226	221	107	257	218	80	65	100
Oct/Sep Export TY	124	232	193	107	257	218	80	65	100
Feed+Loss	2,700	3,153	2,920	2,527	2,850	2,500	2,100	2,050	2,150
FSI	100	170	147	102	219	241	300	200	250
Tot Dom									
Consump	2,800	3,323	3,067	2,629	3,069	2,741	2,400	2,250	2,400
Ending Stocks	284	326	266	201	344	265	207	115	185
Tot Distrib	3,151	3,875	3,554	2,937	3,670	3,224	2,687	2,430	2,685

Corn	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09
Area harvested	361	397	399	463	462	443	401	403	518
Begin Stocks	712	765	675	915	748	771	942	860	619
Production	3,324	3,505	3,738	3,354	4,200	4,083	3,220	3,809	4,860
MY Imports J/J	839	773	1,007	1,266	1,451	1,777	2,290	2,800	1,600
Oct/Sep Imp TY	839	773	1,007	1,266	1,451	1,777	2,290	2,800	1,600
Oct/Sep Imp US	12	10	3	2	4	1	3	2	3
Tot Supply	4,875	5,043	5,420	5,535	6,399	6,631	6,452	7,469	7,079
MY Export J/J	600	597	869	806	1,014	902	672	800	800
Oct/Sep Export TY	600	597	869	806	1,014	920	672	800	800
Feed+Loss	2,539	3,073	2,922	2,978	3,443	3,550	3,530	4,800	4,300
FSI	971	698	714	1,003	1,171	1,237	1,390	1,250	1,250
Tot Dom									
Consump	3,510	3,771	3,636	3,981	4,614	4,787	4,920	6,050	5,550
Ending Stocks	765	675	915	748	771	942	860	619	729
Tot Distrib	4,875	5,043	5,420	5,535	6,399	6,631	6,452	7,469	7,079

Sorghum + Millet	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09
Area harvested	0	0	0	0	0	0	0	0	0
Begin Stocks	1	1	15	6	6	1	2	1	9
Production	0	0	0	0	0	0	0	0	0
MY Imports J/J	8	7	7	19	11	7	7	225	10
Oct/Sep Imp TY	8	7	7	19	11	7	7	250	10
Oct/Sep Imp US	0	0	0	0	0	0	0	165	5
Tot Supply	9	8	22	25	17	8	9	226	19
MY Export J/J	0	1	1	1	1	1	1	7	1
Oct/Sep Export TY	0	1	1	1	1	1	1	7	1
Feed+Loss	8	7	15	18	10	5	7	210	15
FSI	0	0	0	0	0	0	0	0	0
Tot Dom Consump	8	7	15	18	10	5	7	210	15
Ending Stocks	1	0	6	6	6	2	1	9	3
Tot Distrib	9	8	22	25	17	8	9	226	19
All Grains	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09
Area harvested	7,017	7,045	6,941	6,840	6,947	6,839	6,703	6,572	7,049
Begin Stocks	11,404	11,275	13,109	11,757	8,546	13,441	11,230	6,963	4,669
Production	45,272	49,710	43,391	39,359	51,097	45,982	43,474	40,631	49,890
MY Imports J/J	3,454	2,880	4,304	3,817	3,861	5,006	6,116	7,884	4,600
Oct/Sep Imp TY	3,480	2,871	4,310	3,817	3,861	5,006	6,116	7,909	4,600
Oct/Sep Imp US	62	38	22	5	6	5	3	191	8
Tot Supply	60,130	63,865	60,804	54,933	63,504	64,429	60,820	55,478	59,159
MY Export J/J	12,932	11,809	9,896	8,533	9,654	11,277	9,928	7,929	9,841
Oct/Sep Export TY	11,813	11,373	10,419	8,533	9,654	11,295	9,928	7,929	9,841
Feed+Loss	22,805	25,172	24,567	22,885	25,692	26,980	27,308	27,480	27,665
FSI	13,118	13,790	14,584	14,969	14,712	14,942	16,621	15,400	16,070
Tot Dom Consump	35,923	38,962	39,151	37,854	40,404	41,922	43,929	42,880	43,735
Ending Stocks	11,275	13,094	11,757	8,546	13,446	11,230	6,963	4,669	5,583
Tot Distrib	60,130	63,865	60,804	54,933	63,504	64,429	60,820	55,478	59,159
Interv end MY	4860	6,718	5,588	3,411	6,475	3,394	500	0	0
Market Stock	6,415	6,376	6,169	5,135	6,971	7,836	6,463	4,669	5,583

Note: 2008 production forecast numbers in PS+D are rounded and differ marginally from German official grain crop estimate data.