

Highlights Commodities and Trade

The outlook for EU agricultural markets in 2013

June 2013

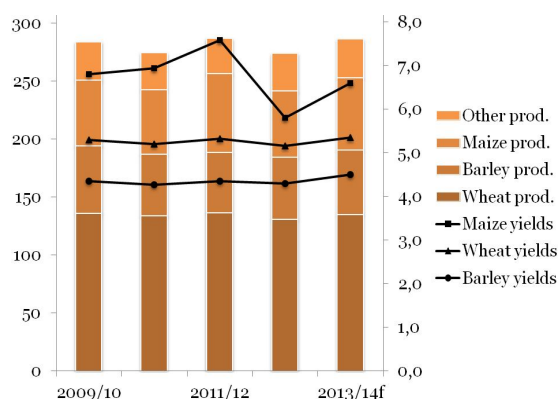
Crop production

Cereals

Global wheat production for the 2013/2014 marketing year is estimated at 682 million tonnes, which equates to an increase of 4.1% compared to the previous year. However, production forecasts for the main production areas remain uncertain, both in terms of quantity and quality. The outlet for animal feed is set to decrease during the 2013-2014 marketing year if the increase in global production of maize is confirmed. This decrease in use would be offset by increased demand for food and non-food purposes. Global wheat stocks, which reached exceptionally low levels of 176 million tonnes, are not set to improve despite a good harvest. Stocks in the main exporting countries should remain at levels equivalent to the 2007/2008 marketing year.

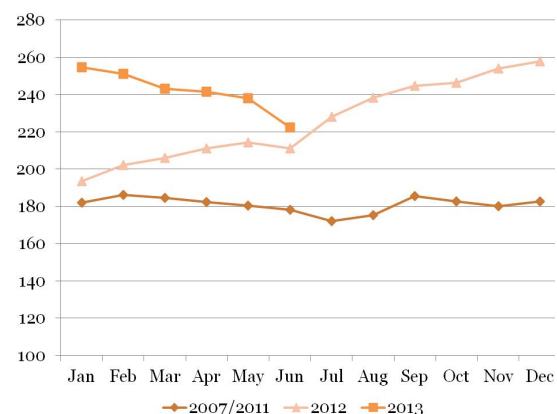
In Europe, the surface area planted with soft wheat is expected to register a marked increase of 3% to 126.8 million tonnes. This increase can mostly be seen in eastern and central EU countries. Barley production is expected to increase to 55.9 million tonnes, with a clear increase in western EU countries. Durum wheat production is still falling, standing at 7.8 million tonnes. Forecasts for maize production remain extremely uncertain, but an increase is expected due to potential improvements in yield. With crops developments behind schedule, logistical issues to collect oil seeds and cereals harvest at the same time will probably be one of the factors which slows down the availability of the new harvest on markets.

Chart 1 – Cereal production excl. rice (left axis, MMT) and yields (right axis, t/ha) in the EU-27



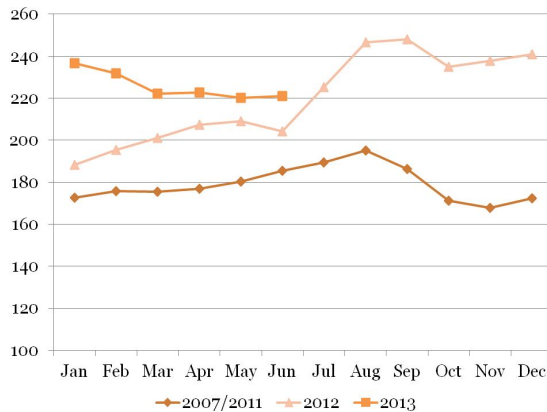
Source: Copa-Cogeca

Chart 2 – Average European price for bread making common wheat, €/t



Source: Agriview

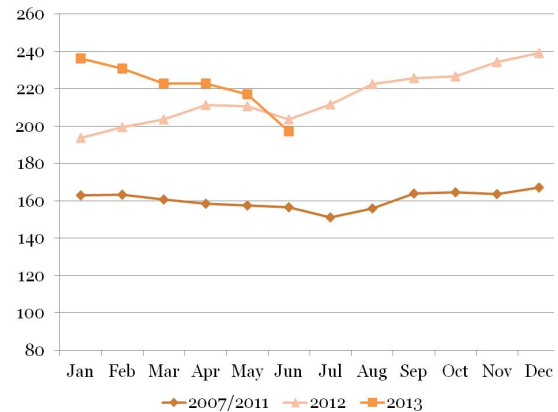
Chart 3 – Average European price for feed maize, €/t



Source: Agriview

Contact: Arnaud PETIT

Chart 4 – Average European price for feed barley, €/t



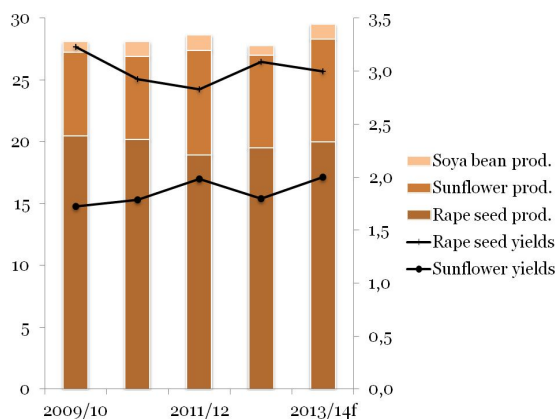
Source: Agriview

Oilseeds and protein crops

European oilseed production for this year is expected to increase substantially by 5.8% (29.5 million tonnes), with renewed interest in rapeseed (+2.8%) and an increase in sunflower (10%). We can see that rapeseed production is returning to normal levels (19.5 million tonnes); despite everything, sunflower production is predicted to rise by 10%, to 8.3 million tonnes. In western and northern EU countries, late sowings and exceptionally cold weather have not enabled homogenous flowering.

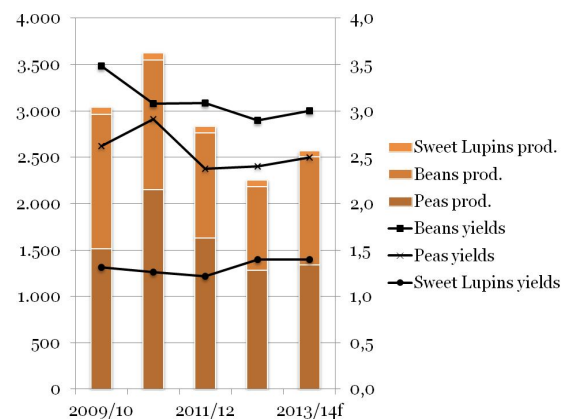
European pea and bean production is seeing renewed interest (+12%) at 2.6 million tonnes. This trend is predominantly due to better yield prospects, particularly in the United Kingdom.

Chart 5 – Oilseeds production (left axis, MMT) and yields (right axis, t/ha) in the EU-27



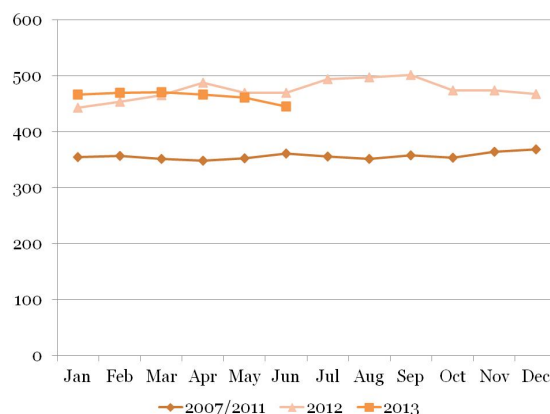
Source: Copa-Cogeca

Chart 6 – Protein crop production (left axis, TMT) and yields (right axis, t/ha) in the EU-25



Source: Copa-Cogeca

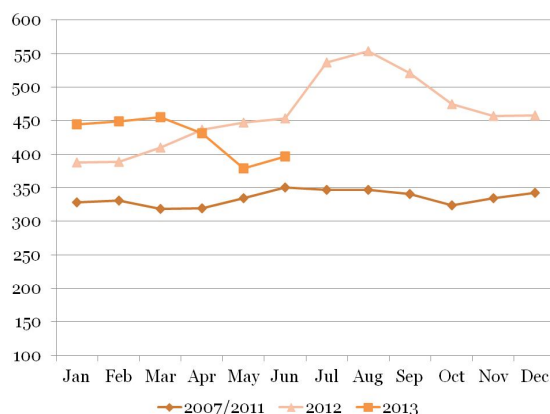
Chart 7 – Rapeseed listings (Rouen), €/t



Source: FOP

Contact: Arnaud PETIT

Chart 8 – Soya seed listings (Rotterdam), €/t



Source: FOP

Dried fodder¹

2013/2014 production perspectives. Because of climatic conditions, the first cut, which generally amounts to 40% of the dried fodder harvest, has been lost and the shortfall will not be made up during the season. In some countries, the climate has also thwarted sowings.

Contact: Dominique DEJONCKHEERE

Tobacco²

In 2012, the total tobacco surface area was 86,000 ha, which equates to an 8% decrease compared to 2011. This drop applies to Italy in particular, which saw surface area fall by 30%. Surface area remained stable in France and in Hungary and saw a slight increase in Spain, Greece and Poland. According to the Commission's figures, total EU tobacco production is estimated at 213,000 tonnes, a 1% decrease on 2011 levels.

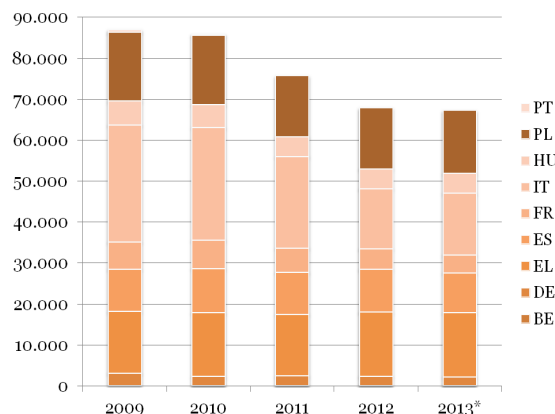
Farmers' estimates for 2013 indicate stable or declining surface area due to unprofitable prices. In Spain, a slight reduction in surface area is expected for 2013, but with production rising (+7%). In Italy and Poland surface area is expected to rise slightly in 2013, by 2.4 and 3% respectively.

In 2012, the average price of Virginia was 2.34€/kg in Italy, 2.13 €/kg in Spain, 1.79€/kg in Poland, 2.40 €/kg in Greece and 1.60€/kg in Hungary. Average Burley prices in 2012 stood at around 2€/kg in Italy, 1.55€/kg in Spain, 1.31 €/kg in Poland and 1.39€/kg in Hungary.

¹ 2012/2013 stocks estimated in April 2013 are available on Agri-Info [FS\(13\)4447 \(rev.1\)](#).

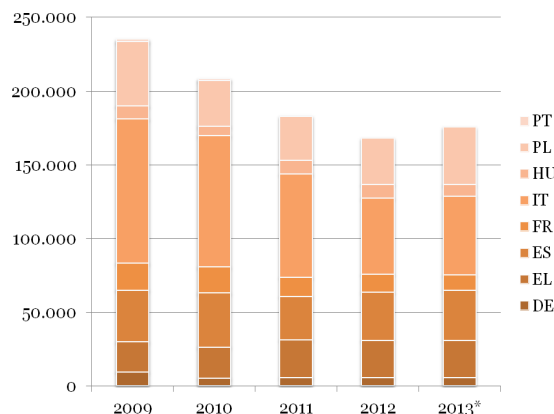
² Copa-Cogeca : [TAB\(13\)3709 \(rev.1\)](#) and Commission: [TAB\(13\)4197 \(rev.1\)](#) tables 2.1 and 2.2

Chart 9 – Tobacco area (ha) in the EU



Source: Copa-Cogeca

Chart 10 – Tobacco production (t) in the EU



c = contracted production

* = estimates

Source: Copa-Cogeca

Contact: Cynthia BENITES

Sugar

Sugar stocks 2012/2013 (estimates from June 2013): DG AGRI estimates that total available sugar and isoglucose under quota amounts to 20 million tonnes and 4.4 million tonnes out of quota. It expects stocks at the end of the marketing year to stand at 3 million tonnes (1.940 million tonnes under quota and 1.045 million tonnes out of quota). This level of stock is much higher than the previous two marketing years, but lower than the 2006-2009 average. Sugar producers have asked the EC to take appropriate management measures on export certificates for the 2013/2014 marketing year. Globally, according to ASSUC, raw sugar stocks should reach 6 million tonnes, whereas white sugar stocks are low. ASSUC expects several countries to replenish their white sugar stocks and thus expects tension on the white sugar market. CIBE believes that sugar beet sowings are stable at EU level at around 1.5 million hectares.

Contact: Dominique DEJONCKHEERE

Olive oil³

During the 2012/2013 marketing year, olive oil production within the EU is estimated at 1.5 million tonnes, a clear drop in comparison with 2011/2012 (2.5 million tonnes). This was due to drought and frost in several producing countries in 2011. In particular, production in Spain in 2012/2013 is estimated at 615,000 tonnes, which equates to a decrease of over 60% compared with the previous marketing year. (1.6 million tonnes). The trend is similar in Portugal and in Italy where production is 30% and 40% lower respectively when compared with the 2011/2012 marketing year. Consumption in producing countries during the 2012/2013 marketing year is set to fall because of the economic situation and will go from 1.8 million tonnes to 1.6 million tonnes.

Looking at trade, exports to outside of the EU have decreased, from 555,000 tonnes during the 2011/2012 marketing year to 502,000 tonnes in 2012/2013. Imports from third countries are expected to increase slightly from 96,800 in 2011/2012 to 103,400 tonnes in 2012/2013.

³ Copa-Cogeca : [OO\(13\)3794 \(rev.2\)](#) and Commission : [OO\(13\)4857 \(rev.1\)](#)

Following the trigger for private storage in July 2012, prices in the different olive oil categories increased progressively until October 2013 and this trend re-established itself from December 2012 to February 2013. Therefore, extra virgin olive oil prices and lampante oil prices are stable and virgin olive oil prices are going down. In May 2013 the average price of extra virgin olive oil was roughly 3.1€/kg; virgin olive oil cost 2.7€/kg and lampante oil stood at 2.3€/kg.

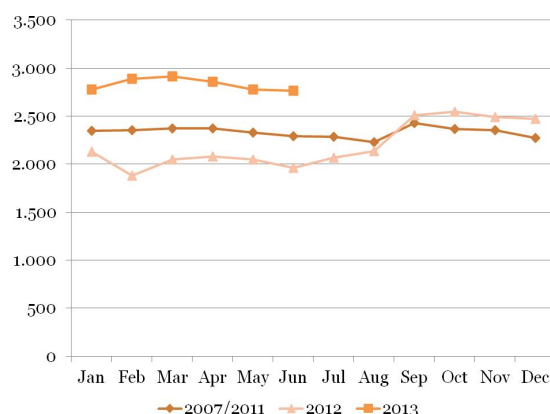
Table 1 - Overview of the olive oil 2012/2013 marketing year, tonnes

	Portugal	Spain	France	Greece	Italy
TOTAL STOCKS AT THE START OF THE MARKETING YEAR	7,578	692,500		85,000	176,000
TOTAL PRODUCTION	57,152	615,000	4,500	360,000	480,000
Virgin	55,320	435,000	4,500	306,000	310,000
Lampante	1,832	180,000		54,000	170,000
TOTAL IMPORTS	112,583	100,000	108,470	0	599,000
From other Member States	112,435	60,000	101,300		519,000
From third countries	148	40,000	7,170		80,000
TOTAL AVAILABILITY	177,313	1,407,500		445,000	1,079,000
TOTAL CONSUMPTION	76,190	500,000	107,800	203,000	720,000
Canning and industry					
Self-consumption and direct sales			3,200		
TOTAL EXPORTS	93,545	675,000	4,290	150,000	416,000
To other Member States	42,077	435,000			110,000
To third countries	51,468	215,000			306,000
TOTAL USE		1,150,000		445,000	1,136,000
TOTAL STOCKS AT THE END OF THE MARKETING YEAR		232,500		92,000	
Production		82,500			
Trade/industry		150,000			

*Refining losses: 3,500 * Data from May 2012

Source: Copa-Cogeca

Chart 11 –European prices for extra-virgin olive oil (0.8%), €/t



Source: Agriview

Contact: Cynthia BENITES

Livestock production

Sheepmeat

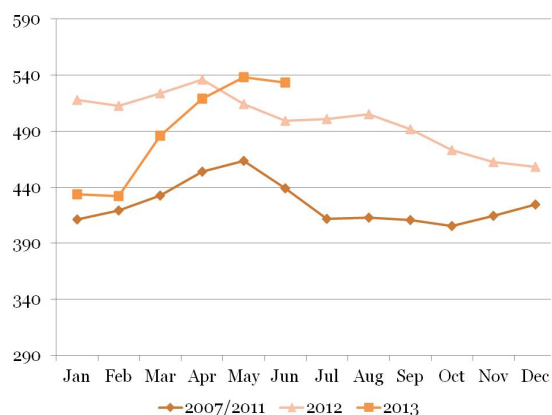
In the beginning of the year, heavy lamb price were lower than in 2012 and 2011, but started to recover in February. Light lamb prices have experienced the lowest level (527.88€/100kg) in the last two years in March-April. Even if the Orthodox Easter contributed to an increase in light lamb prices, the level is below the 2012 and 2011 levels. Heavy lamb carcasses are way below the EU27 and Uruguay prices, creating a competitive disadvantage for EU producers.

Sheepmeat and goatmeat production is stable compared to 2012 but for 2013, a decrease in production by 1.5% and consumption by 0.9% is expected with an increase in imports and a slight increase in exports. Goat slaughter is most important in Greece representing around 1/3 of total sheep and goat slaughter.

In the first two months of 2013, the EU increased its imports of sheep and goatmeat and live animals by around 22.5% compared to the same period of 2012 mainly from New Zealand and Australia. While imports from New Zealand increased in quantity, their value decreased. For Australia, the quantity increased and so did the value. Overall, even if the quantity has increased, imports became cheaper. The total import quota used is 30%.

Exports to Hong Kong and Lebanon have increased considerably, overall exports increasing in January-February 2013 by around 107% compared to the same period of 2012.

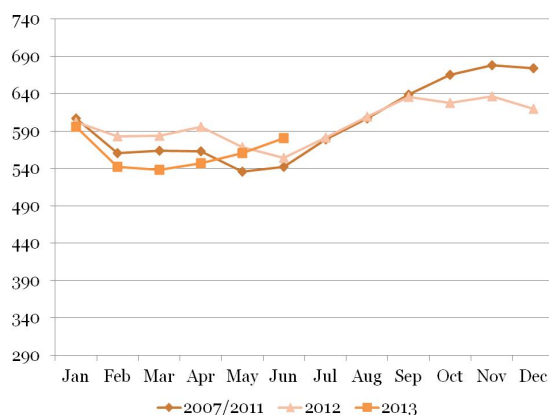
Chart 12 – Forecast of the average price of heavy lamb in the EU (excl. Romania), €/100 kg carcass



Source: DG AGRI

Contact: Camelia Gyorffy

Chart 13 – Forecast of the average price of light lamb in the EU, €/100 kg carcass



Source: DG AGRI

Milk and dairy products

Milk collection between January-April 2013 was 2.6% lower than the same period of 2012. The milk price began to recover at the end of 2012-beginning of 2013 following a more difficult situation experienced in the beginning of 2012; in April 2013, it reached 34.3€/100 kg at EU level. Prices are good and getting closer to the 2007 level. The SMP price has increased to 312€/100 kg. Butter has reached 402 €/100 kg.

In terms of butter exports, the EU is less competitive than the US and Oceania. There was an increase in EU butter exports by 13% between January-April 2013 compared to the same period of the previous year. The EU is more competitive than Oceania as far as the SMP is concerned but the price difference/quotation is not that big. For SMP, there is a decrease in SMP exports by around 30% between January-April 2013 compared to the same period of the previous year; however, the export performance in 2012 was good. The EU exported 11% more cheese than last year.

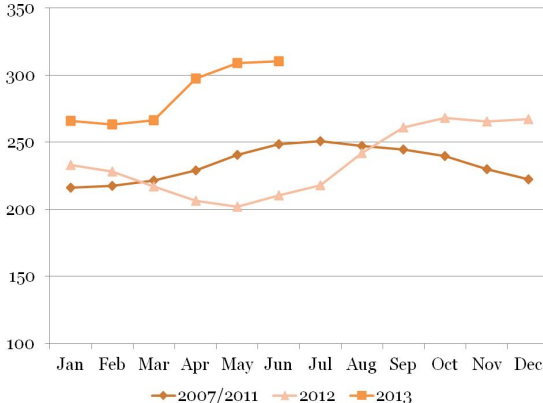
The USA is currently the most competitive for all products.

In general, butter imports into the EU decreased, including from New Zealand, SMP imports increased, China also imported less SMP than last year. Cheese imports have increased in all main importers.

Production in the USA has slightly decreased but it is expected that it will increase as a result of feed price improvements, better margins, increases in herd size. Australia is 2.3% below last season because of drought, New Zealand 0.2% below and Argentina around 10% below.

There is no expectation that the European milk production will recover by the end of the year, so prices could stay at the same level as now. However, it all depends on the situation in Oceania and New Zealand and if this is favourable, a correction in the milk price at EU level can be expected as well.

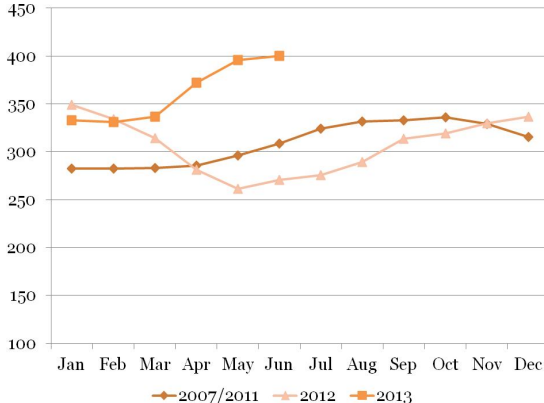
Chart 14 – Average European price for intervention quality SMP, €/100 kg



Source: Agriview

Contact: Camelia Gyorffy

Chart 15 – Average European price for butter, €/100 kg



Source: Agriview