

The Good, the Bad and the Ugly

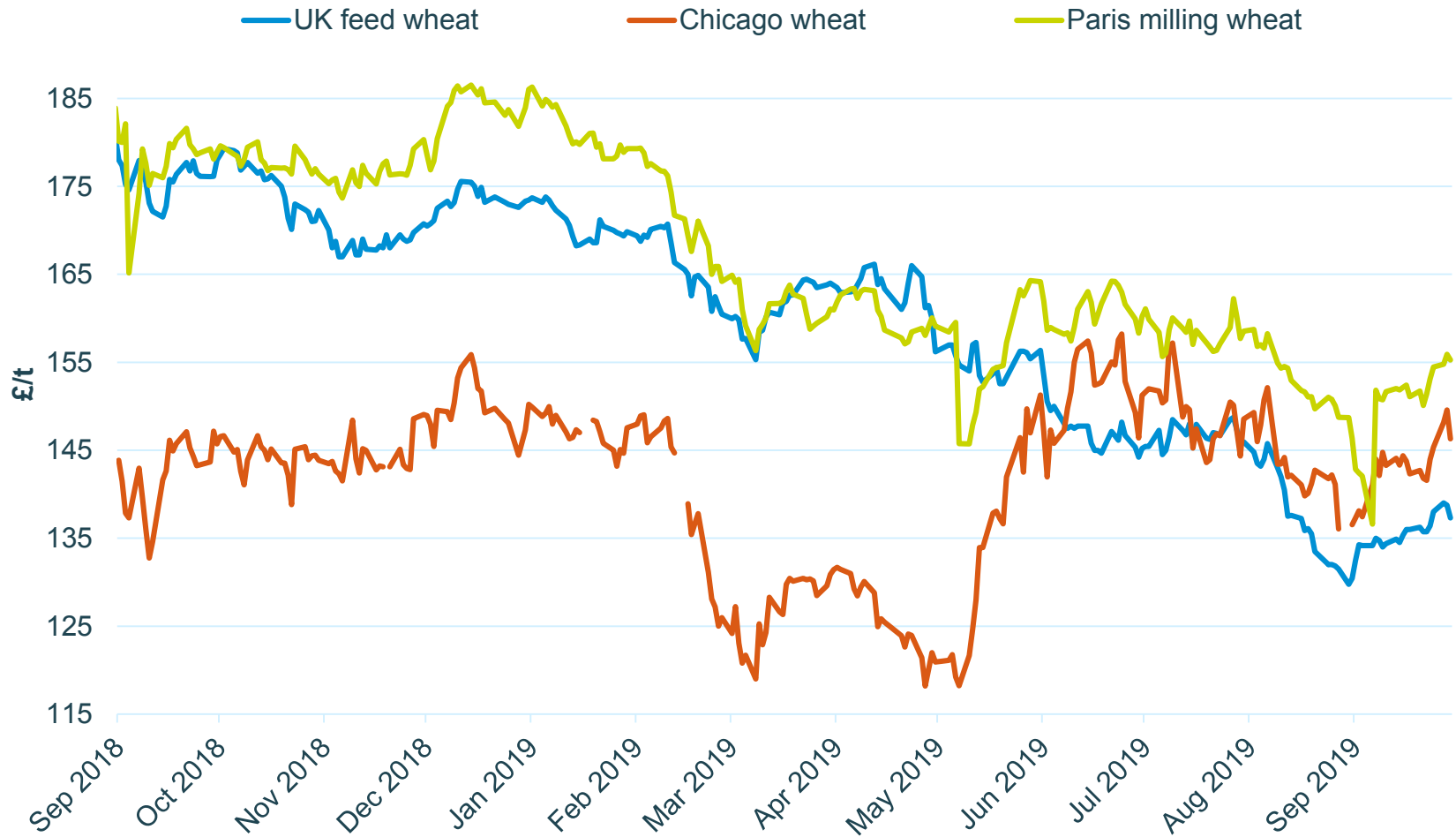


Harvest, Brexit and the UK diet
British Society of Baking 17 October 2019

2019 harvest quality & supply

with thanks to AHDB for harvest data

Global futures markets aligning



Source: ICE, CBOT, MATIF

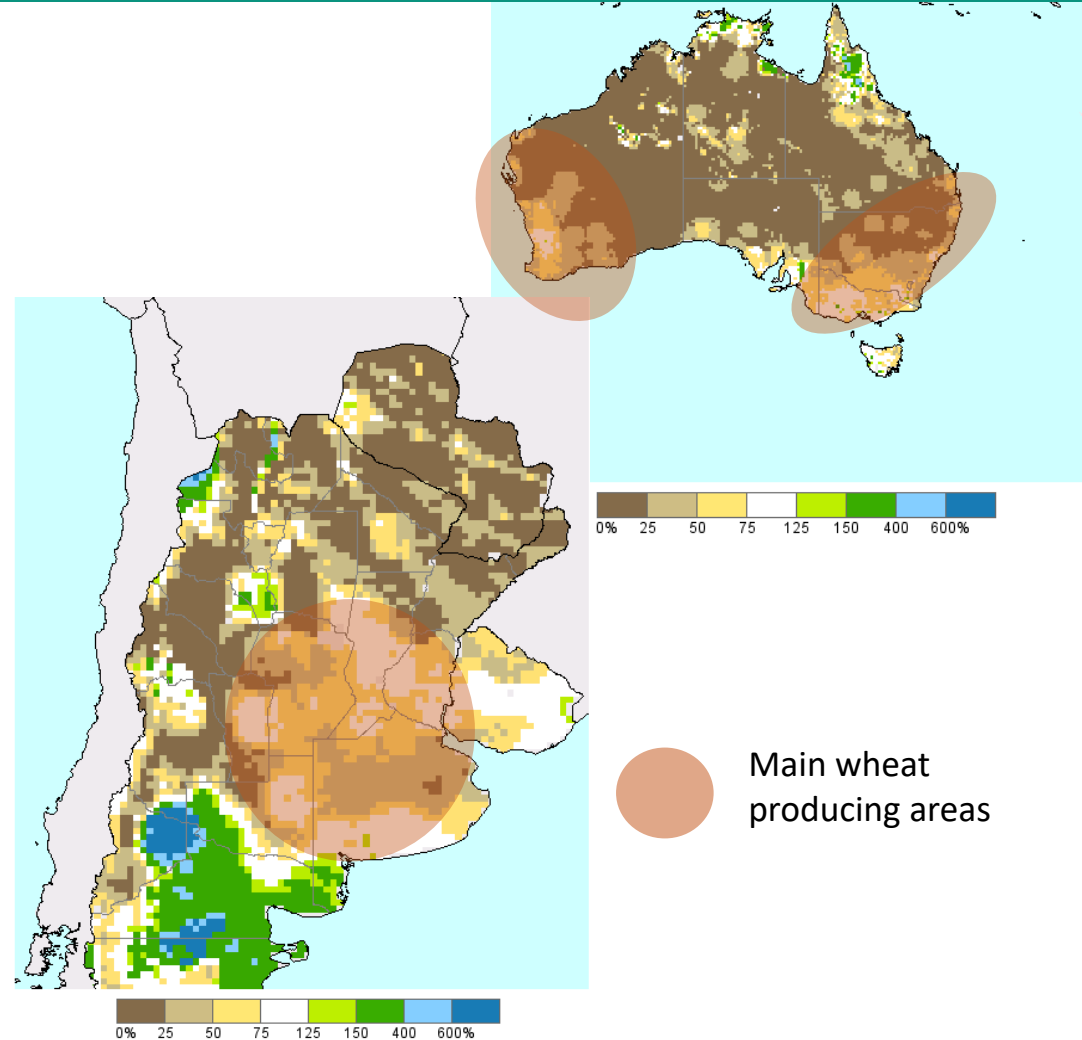
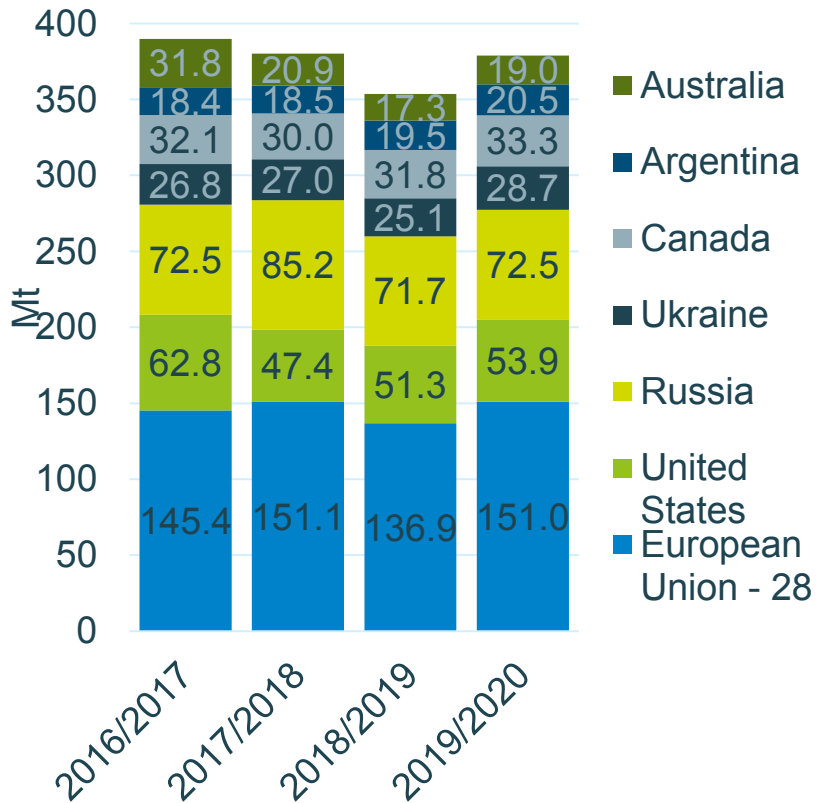
Stocks declining, but still sufficient



Source: AHDB, USDA

Good availability among main exporters... ... but dry in southern hemisphere

Major exporter wheat production



2018-19 growing conditions

Harvest 2019: Growers remain optimistic despite wet weather

Farmers Guardian

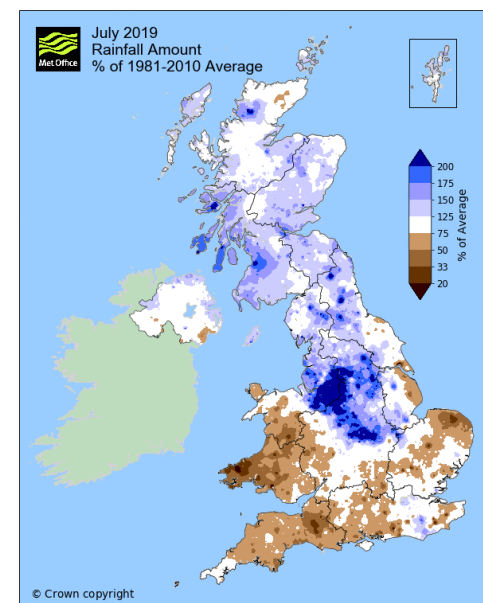
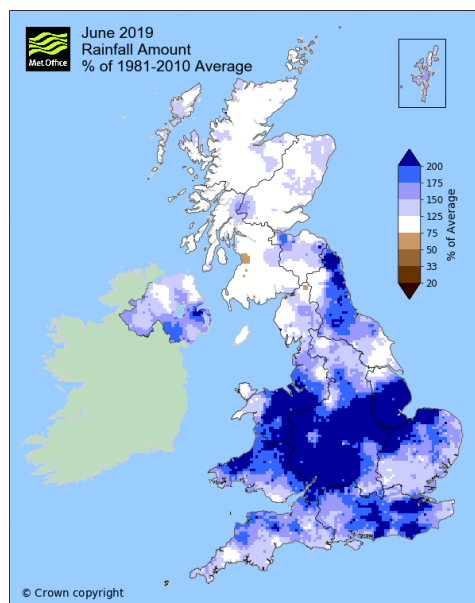
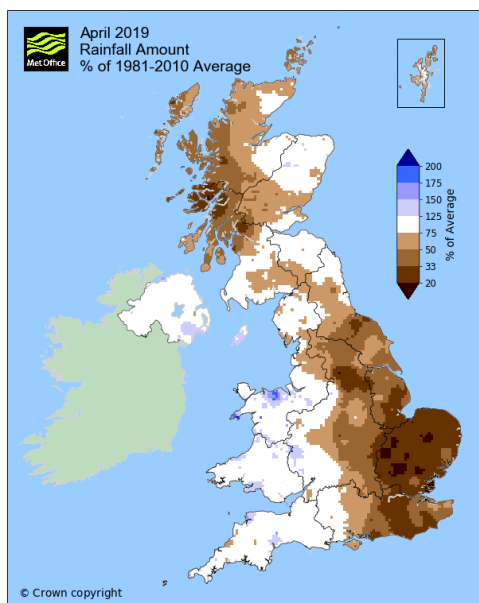
Topics Insights Events Buy & Sell Jobs

Harvest 2019: Widespread sprouting triggered by warm wet weather

News 19 Aug 2019 Alice Dyer

The impact of the wet weather on crop quality is beginning to show, as rainfall continues to put a dampener on what looked to be a promising harvest.

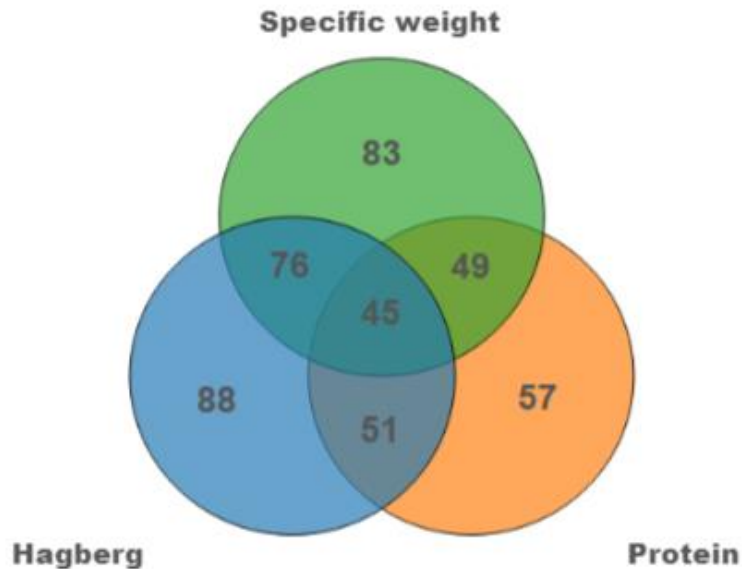
- Relatively good planting conditions coming off 2017-18 season – soil slightly dry
- Mild winter
- Relatively dry spring
- Rainfall over June, but patchy wet conditions over harvest



What does this mean for wheat quality?

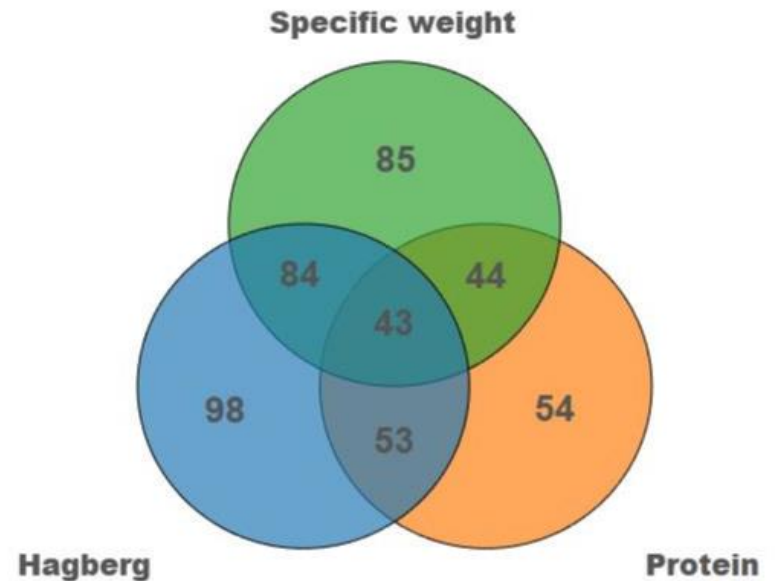
Full specification bread wheat (Group 1 only, specific weight: 76kg/hl, Hagberg Falling Number: 250s, protein: 13.0%)

2019 Second provisional
e:



Samples: 3268

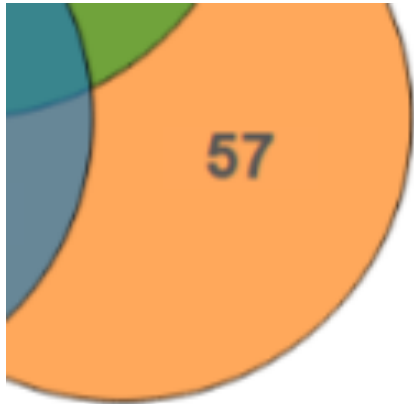
2018 Final results



Samples: 7918

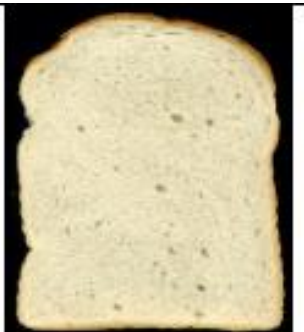
Source: AHDB quality survey

Protein



Protein

- 57% of Gp1 samples $\geq 13.0\%$ protein
- No reports of problems with N application
- Higher yields, potential for dilution
- Protein levels similar to 2018, but gluten quality worse
- Still, good protein functionality in breadmaking and biscuit wheats
- *NB – final 2019 result expected to be poorer than this*



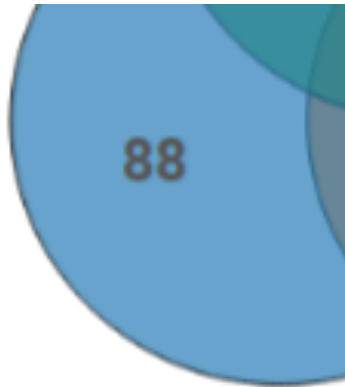
Specific weight

Specific weight



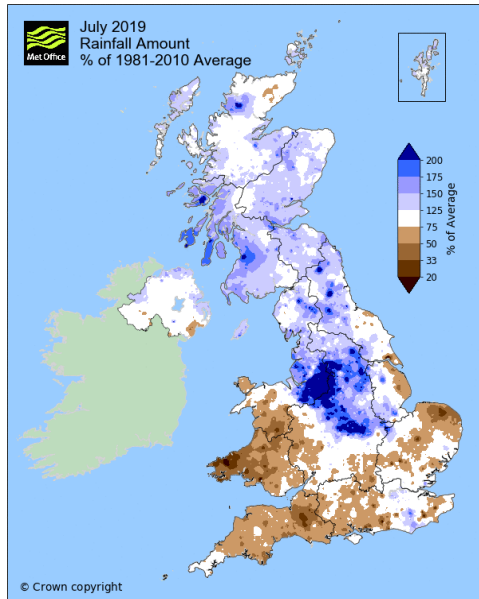
- 83% of Gp1 samples $\geq 76\text{kg/hl}$
- Crops established well, with not too much disease pressure this year
- Rainfall during grain fill period

Hagberg Falling Number (HFN)



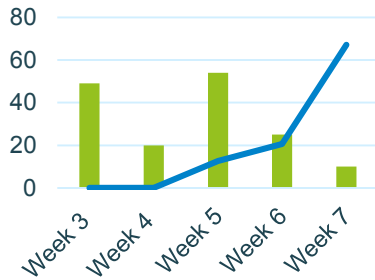
Hagberg

- 88% of Gp1 samples $\geq 250\text{kg/hl}$
- Likely an overestimate
- Some areas had harvest disrupted by rainfall
- Later survey results will show a lower %

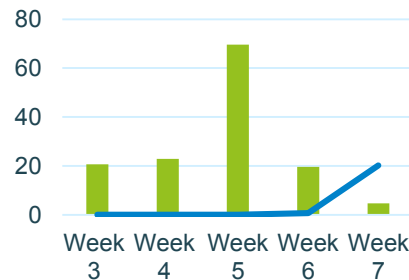


Rising Hagberg risks for later crops

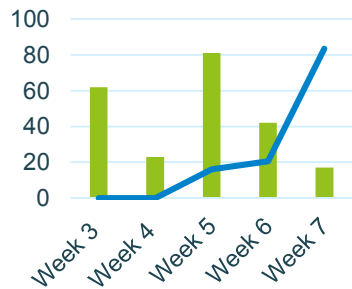
Yorkshire and the Humber



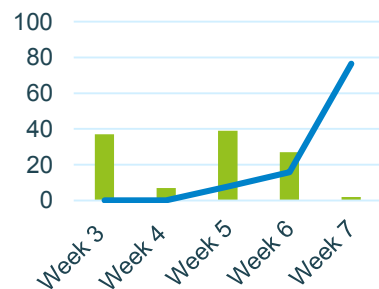
Scotland



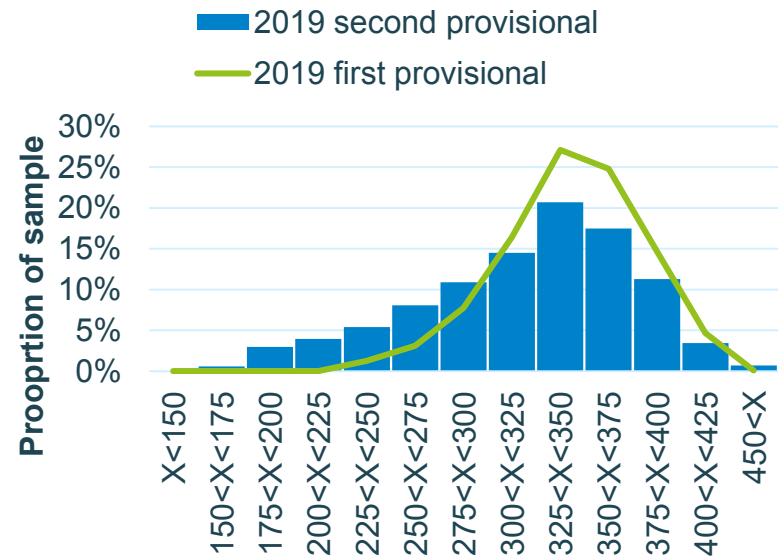
North West



West midlands



Frequency distribution of Hagberg Falling Number in nabim Group 1 & 2 wheat samples



Source: AHDB Cereal Quality Survey - second provisional results

■ Rainfall (mm) — Harvest progress (% of area harvested)

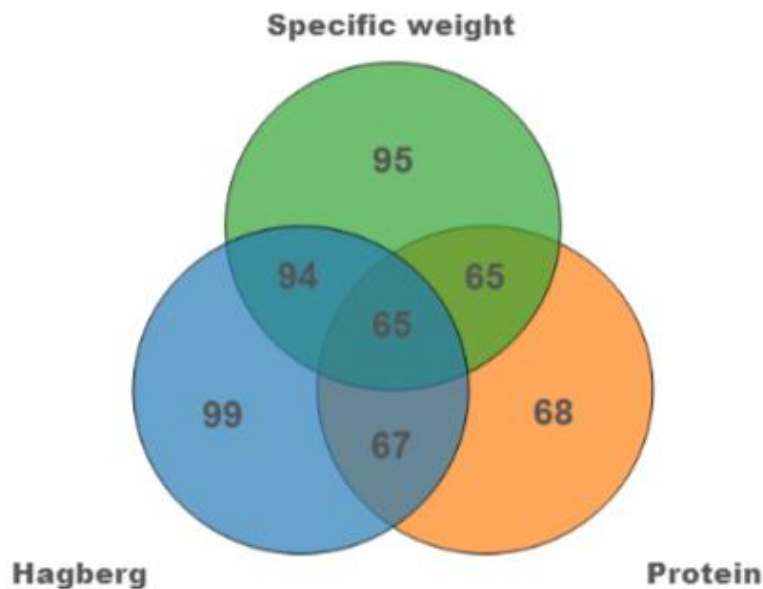
Week 3 – week ending 16 July 2019
Week 6 – week ending 27 August 2019

Proportion of Gp 1 and Gp 2 samples meeting lower specification

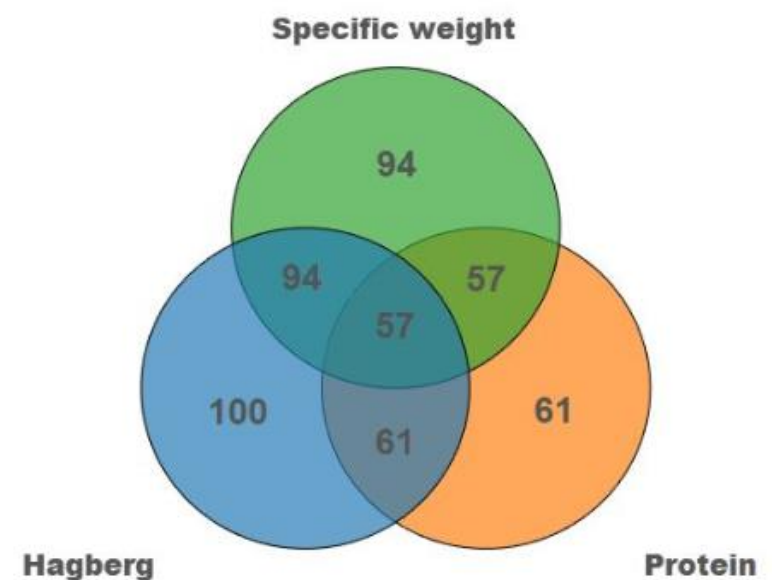
Medium quality bread wheat specification (Group 1 and 2, specific weight: 74kg/hl, Hagberg Falling Number: 180s, protein: 12.5%)

2019 Second provisional estimates

2018 Final results



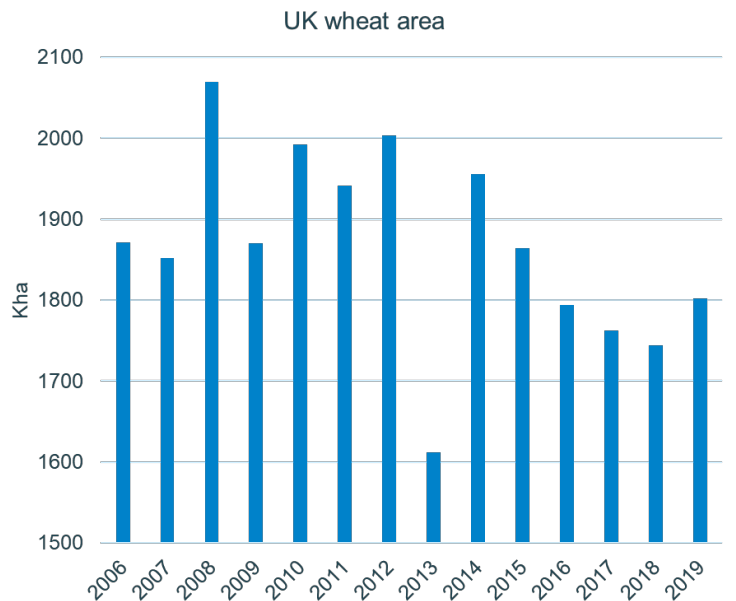
Sample: 3919



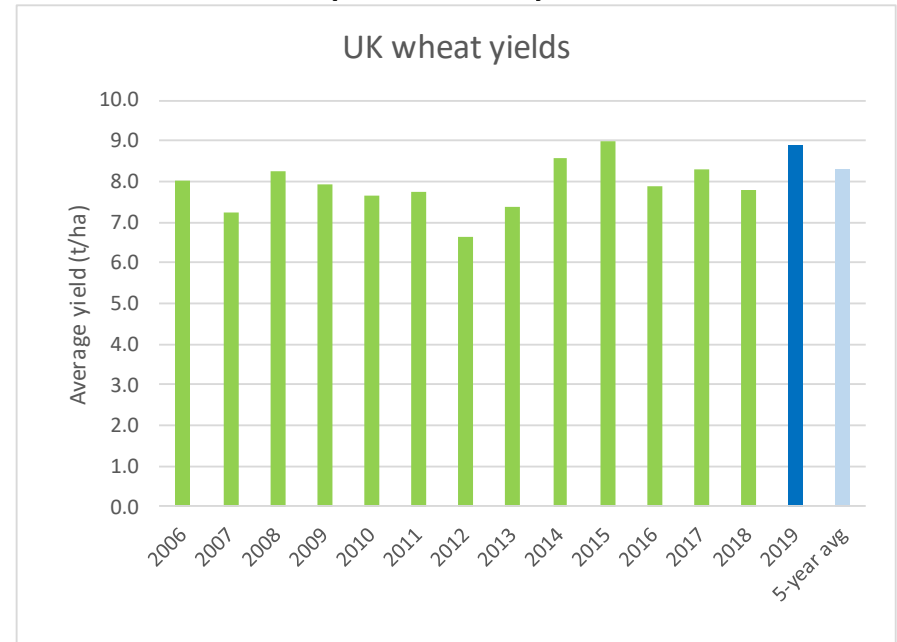
Sample: 11052

Availability –all wheat

- There have been many predictions of a bumper 2019 harvest for cereals, DEFRA estimates 16.3m tonnes of wheat (16% higher than in 2018)
- Wheat area at 1.802 Mha, up 61ha on 2018 (+3.5%)
- Average yields at 8.8-9.0 t/ha, up on the five-year average of 8.3t/ha (+7.2%) and up on 2018 of 7.8t/ha (+14.1%)



Source; Defra/ AHDB

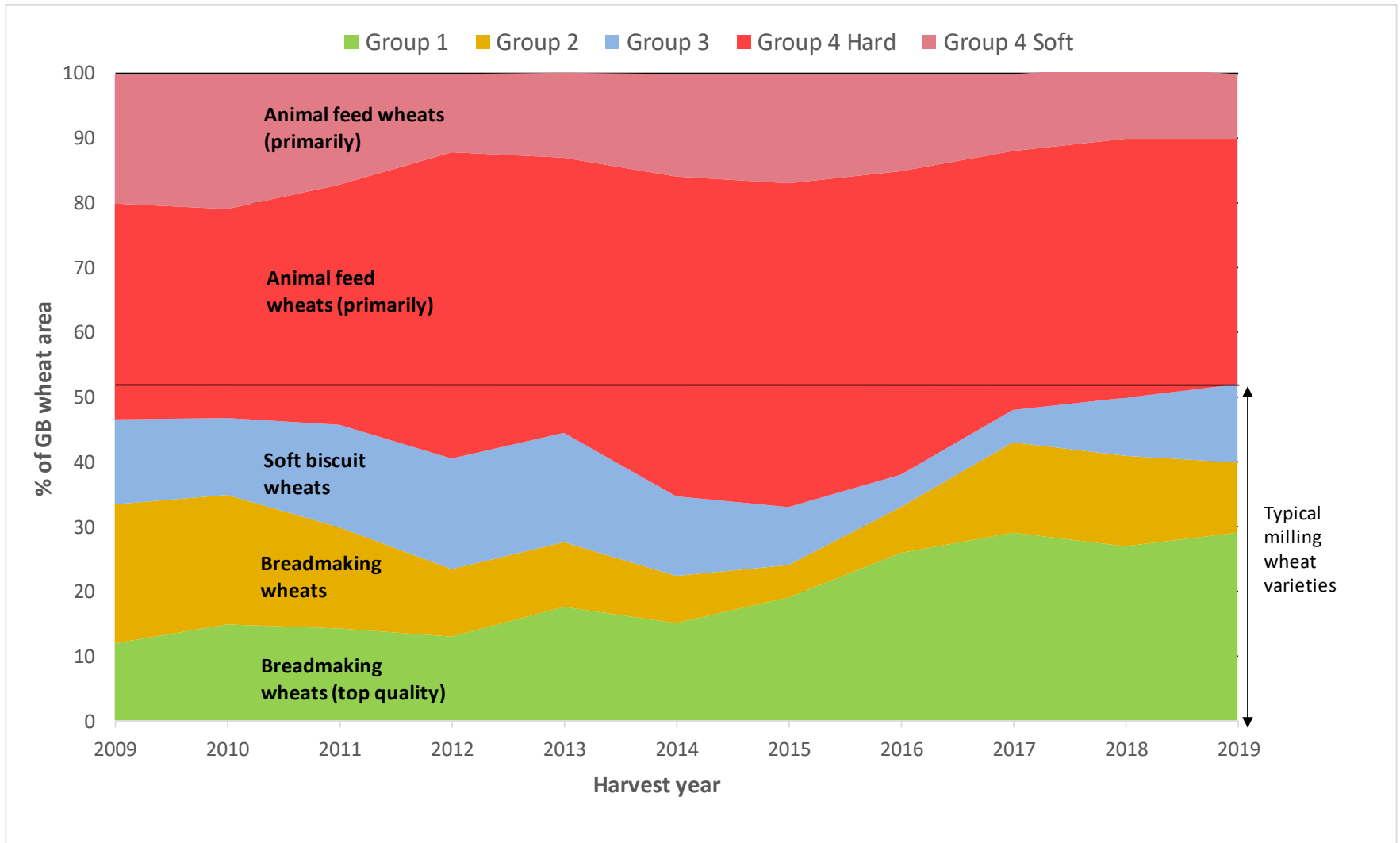


Source; Defra/ AHDB

Availability – 2019/20 balance sheet

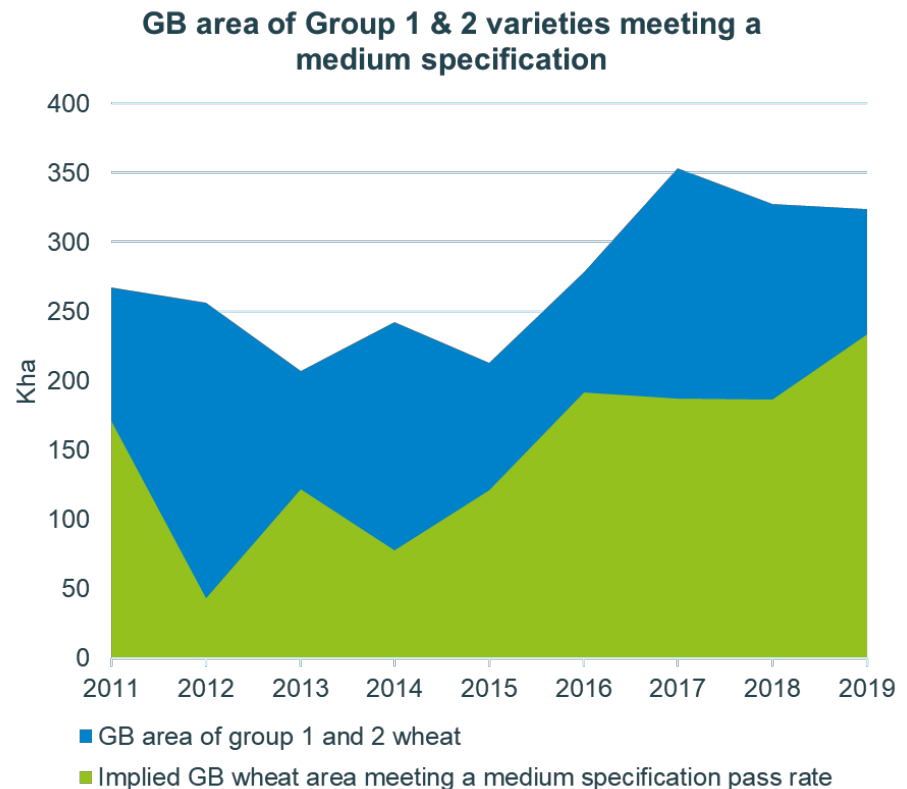
	2017/18	2018/19	2019/20 - 8.9t/ha
Opening Stocks	1755	1718	1911
Production	14837	13555	16000
Imports	1793	1858	1600
Total availability	18386	17131	19511
Human and industrial consumption	7816	6976	7400
Animal feed	7515	7403	7384
Seed	271	271	271
Other	74	68	68
Total domestic consumption	15675	14718	15123
Balance	2711	2413	4388
Exports	448	358	2388
Commercial end-season stocks	1718	1911	2000
of which operating stocks	1600	1550	1600
of which free stocks	118	361	400
Surplus for free stock or export	566	719	2788
residual	544	144	

Availability – milling wheat



Availability – milling wheat

- Quick estimate of Gp1-3 production quantity: 8.35 Mt tonnes, compared to 6.78Mt in 2018 (+22%)
- Proportion meeting moderate specification continuing to rise



Key points

- 2019/20 UK wheat quality broadly acceptable and supply good
- UK expected to have a significant wheat surplus
- Quality less good than initial figures suggest, owing to delays in harvest. More variability becoming apparent as later crops delivered
- Mycotoxin load low
- Global wheat surplus, capping international prices
- Some market disruption from Brexit

Brexit – the players



BBC
PARLIAMENT

Brexit – the future

MATT



Brexit – the issues

- Parliamentary opinion different to referendum outcome
- Regional differences
- No UK consensus on way forward
- Customs Union ?
- Regulatory Alignment ?
- No deal ?
- The Irish question



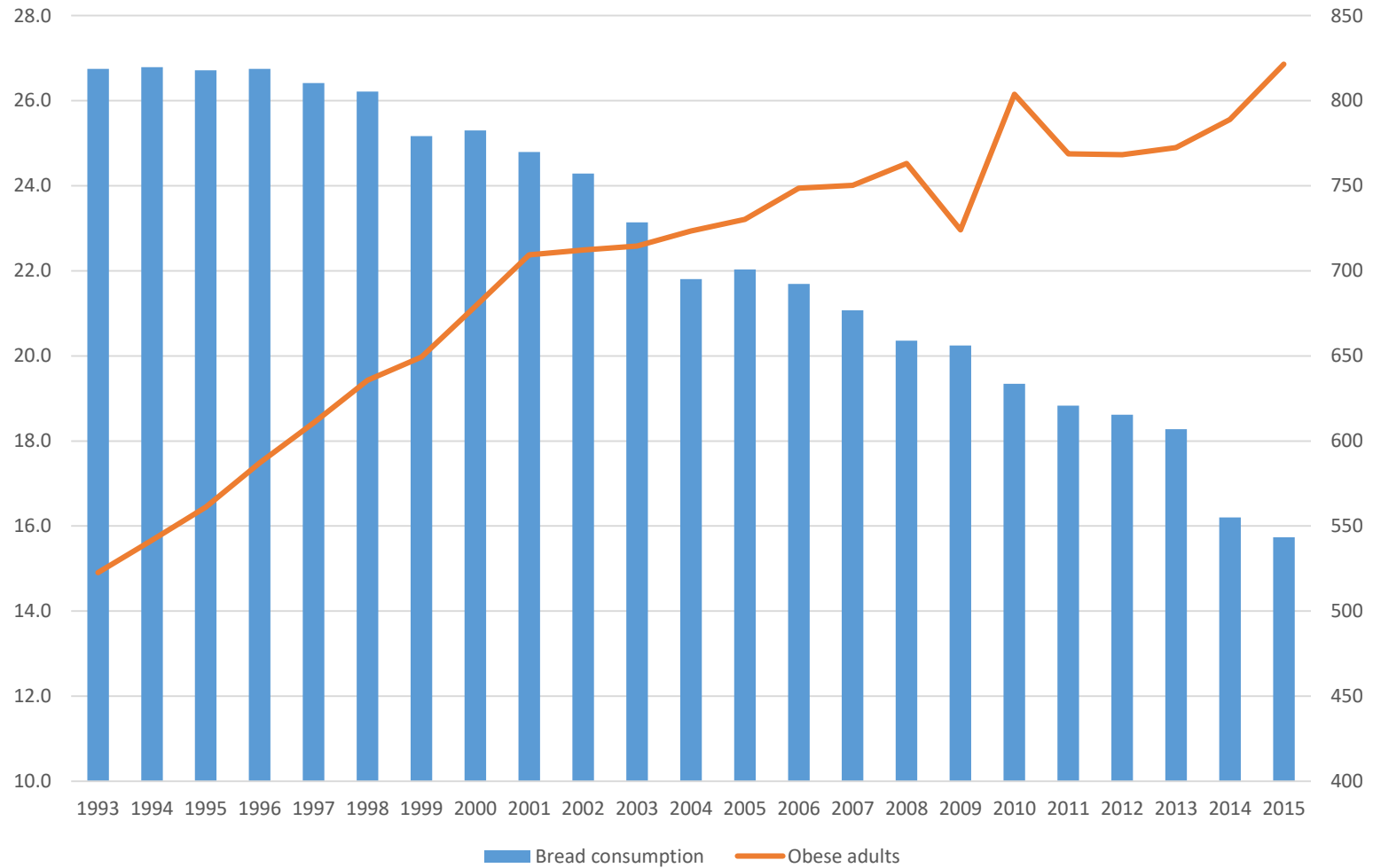
- UNCERTAINTY – situation frequently changing

Implications for the bakery sector

- Exports to the EU likely to be more difficult
- Challenged by both tariffs and regulatory alignment
- Opportunity to displace imports – but will require investment
- Importance of quality if exports are to grow

Does bread make you fat?

UK Bread consumption falling, obesity rising



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