UK Flour Millers – Wheat briefing – 17 April 2024

Recent news articles have highlighted significant concerns around the prospects for the 2024 UK cereal harvest, with wheat particularly affected by the second wettest August to February since 1837, restricting planting and damaging crop health. The poor outlook for the upcoming wheat harvest is reflected in the market and exacerbates existing concerns around the low availability of milling wheat.

This note and supporting charts provide an overview of the key factors:

- The availability of homegrown milling wheat has been low for the past two years, with the spread between UK feed wheat and breadmaking wheat over 200% higher than the five-year average for this point in the season (**Figure A**).
- This is due in part to high input prices affecting the proportion of the crop meeting quality specifications. Prices of nitrogen fertiliser[1] have remained significantly elevated against those prior to the Russian invasion of Ukraine (**Figure B**), deterring the use of this input which is needed to produce high protein milling wheat.
- Against this backdrop of poor availability, the prolonged wet weather this season has been particularly concerning, preventing a large volume of wheat planting. The AHDB Early Bird Survey[2] indicates the wheat area will be down at least 15% on the previous year at 1.46Mha. This is likely an overestimate as wet weather has continued since the survey was conducted, preventing planting of intended wheat.
- The wet weather has also affected the condition of the wheat crop that farmers were able to plant, with 40% rated as poor or very poor, compared to only 1% rated as such in 2023, according to the AHDB Crop Development Report[3]. The prolonged wet conditions have rendered the wheat crop vulnerable to drought, making weather a key watchpoint for the remainder of the season.
- The low wheat area and poor crop condition, together with the ongoing decline in popularity of milling wheat varieties, estimate the 2024 UK breadmaking wheat crop at only 2.07Mt, 38% smaller than 2023 (**Figure C**) and lower than any point in the past ten years.
- The dismal crop expectation, particularly for milling wheat, is reflected in the significant spread between new crop breadmaking wheat over feed wheat futures.
- In seasons of poor homegrown breadmaking wheat supply, UK millers use a higher volume of high protein German wheat. However, Germany has faced similar challenges to wheat crop establishment owing to extreme wet weather[4], which could add further pressure to milling wheat availability.

References

1. https://ahdb.org.uk/GB-fertiliser-prices
2. https://ahdb.org.uk/cereals-oilseeds/early-bird-survey
3. https://ahdb.org.uk/cereals-oilseeds/crop-development-report
4. https://publications.jrc.ec.europa.eu/repository/handle/JRC136659
5. https://ahdb.org.uk/markets-and-prices

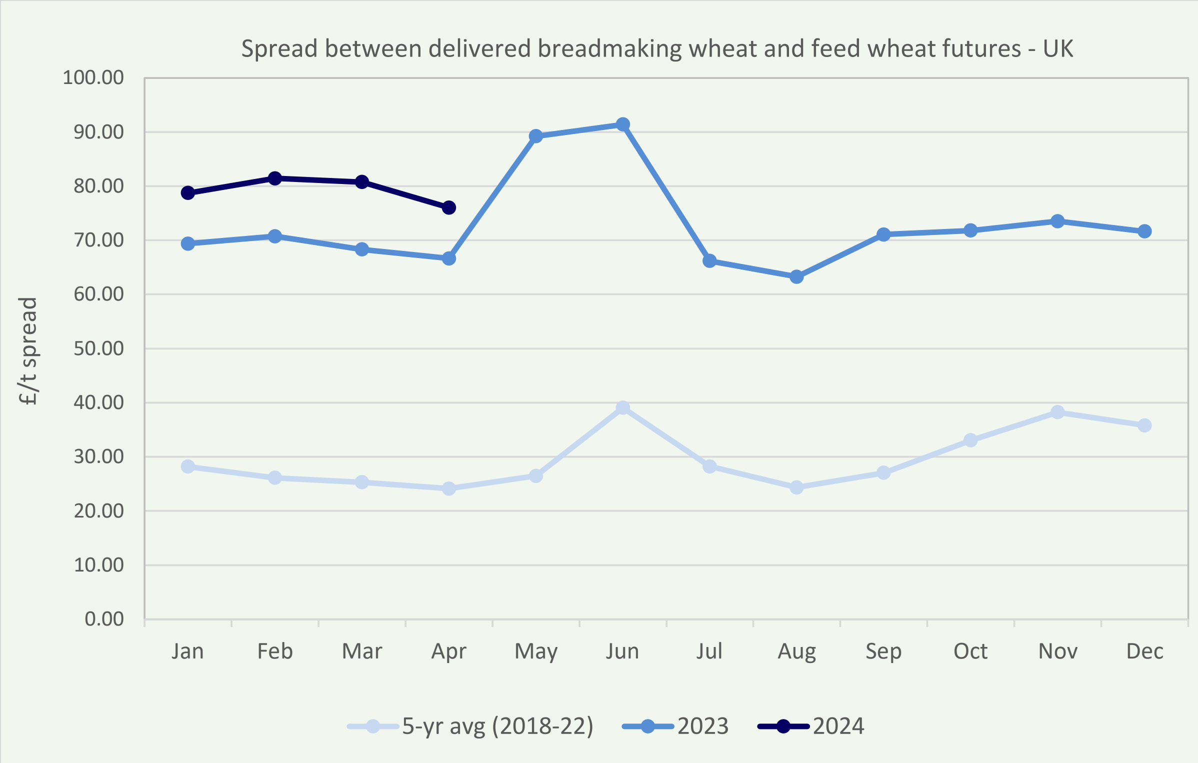

Figure A. UK delivered breadmaking quotations (nearby, Northamptonshire) and monthly average UK feed wheat futures (nearby). Source: AHDB price data[5]. Accessed: 15/04/2024.

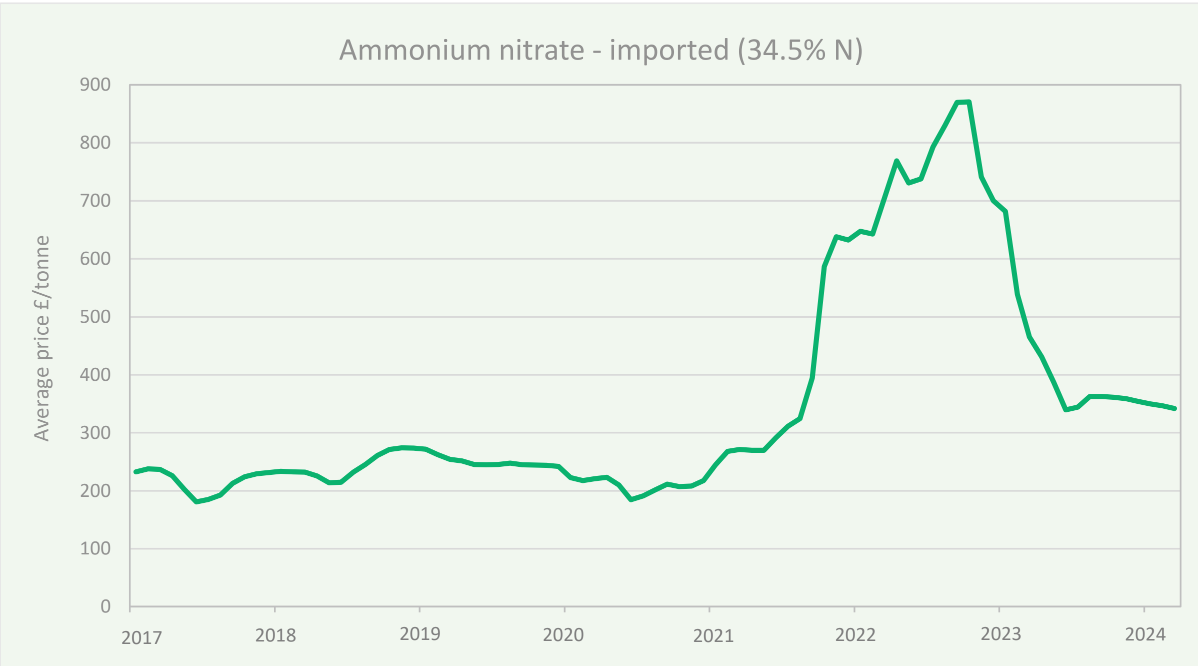

Figure B. Imported ammonium nitrate average monthly price. Data up to March 2024.
Data source: AHDB[1]. Accessed: 15/04/2024.

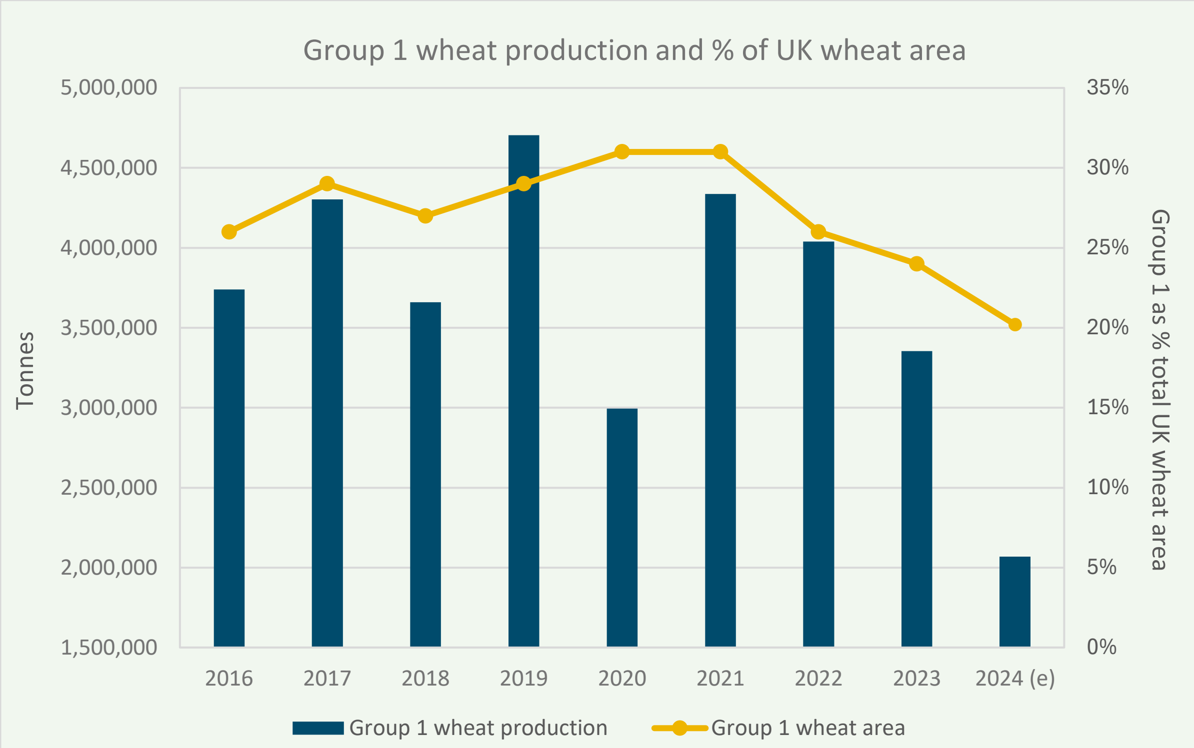

Figure C. UK Group 1 (breadmaking) wheat production indicative figures and Group 1 area as a percentage of total UK wheat area. Based on UK wheat production figures and Group 1 area from the AHDB variety survey. The 2024 figure is an estimate based off the AHDB Early Bird Survey figures, average yield from a recent season average where similar weather was observed (2020), and an estimate of the Group 1 area derived from seed production statistics.

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