SUMMARY - SURVEY OF CEREAL AREAS AND VOLUMES – JULY 1, 2013

Introduction

As part of the Arable Industry Marketing Initiative, Opinions Market Research Ltd conducted a survey of 97 wheat, barley and oat growers to provide information, as at July 1, 2013, on the 2013 harvest volumes, sales channels, areas planted and planting intentions.

Summary of Key Points

- For the 2013 harvest, the average yield of feed wheat (9.6 t/ha) and milling wheat (8.9 t/ha) (this includes biscuit and gristing wheats) was similar or slightly higher than 2012 (at 9.4 and 8.5 t/ha respectively, on the same survey farms). Feed barley yields averaged 7.3 t/ha (c.f., 7.4 in 2012) and malting barley averaged 8.0 t/ha (c.f., 7.4 in 2012), so were also similar or slightly up on 2012. These yields reflect a "second year in a row" of very good growing season in most areas. Milling and feed oat yields were up 2.0 and 0.6 t/ha, respectively, compared to 2012, which was in part the result of a more normal growing season in Southland.

- These high yields in 2013, along with small estimated decreases in areas of feed wheat and feed barley, resulted in small estimated decreases in the tonnes of feed grains harvested (wheat 3% decrease and barley 4% decrease).

- As a result of the high volumes of feed grain produced in the last two growing seasons, perhaps ameliorated by the 2013 drought, there were medium to high estimated tonnages of feed grain unsold on farm at the time of the survey. For feed wheat there was 100,000t unsold (128,000t in the July 1, 2012 AIMI survey report and 38,000t in the July 1, 2011 AMI survey report) and for feed barley there was 68,000t unsold (113,000t in 2012, 67,000t in 2011). The July 1, 2013 figures include unsold carryover stocks from the 2012 harvest (15,000t and 9,000t for feed wheat and barley respectively).

- Total stocks on farm (sold and unsold) on July 1, 2013, of feed wheat are estimated to be 251,000t, which is down a little compared to the same time last year (274,000t in 2012, 100,000t in 2011). For feed barley, stocks are estimated to be 216,000t, which is similar to last year (208,000t in 2012, 123,000t in 2011). The July 1, 2013 figures include carryover stocks on farm (sold and unsold) from the 2012 harvest (45,000t and 29,000t for feed wheat and barley respectively).

- **For milling wheat, there was an estimated 48,000t of unsold grain on farm as at July 1 2013 (as compared to 29,000t unsold grain on farm on July 1, 2012, and 20,000t in 2011), including just 900t of unsold grain carried over from the 2012 harvest. Total stocks on farm (sold and unsold) on July 1, 2013 of milling wheat are estimated to be 120,000t, which is up compared to the same time last year (96,000t in 2012, 101,000t in 2011). The July 1, 2013 figure of 120,000t includes carryover stocks on farm (sold and unsold) from the 2012 harvest (10,000t).**

- **The areas of all crops planted in the autumn were down (as at July 1, 2013) when compared with intended plantings at the time of the last survey (April 1, 2013), presumably because of the unusually wet weather that occurred between mid-April and the end of June. It appears that priority was given to getting the feed wheat into the ground (down only 2% on intentions), with feed barley being able to be delayed until spring sowing (down 32% on intentions).**

- **When the areas of wheat, barley and oats planted in the autumn are combined with spring planting intentions, the predicted areas of feed wheat and feed barley will both be up by approximately 6%, while the area of feed oats is predicted to remain the same (0% change). Areas of milling wheat and oats and malting barley are predicted to be up 13%, down 6% and down 15% respectively on what was sown last year (autumn and spring 2012), though these estimated changes are within the margin of error for the survey.**

- **These figures reflect the position at the 1st July 2013 and there may have been sales since this time. There will also have been changes in planting intentions in relation to soil and weather conditions and market trends.**

Estimated national figures for 2012 and 2013 as at July 1, 2013

	Units	Milling wheat	Feed wheat	Malting barley	Feed barley	Milling oats	Feed oats
Number of farmers in the survey who harvested this crop in 2013		35	54	18	72	10	11
2012 harvest							
Estimated NZ total hectares, 2012 harvest	Ha	18,783	36,017	10,489	55,211	3,363	537
Estimated NZ total tonnes, 2012 harvest	Tonnes	156,950	331,650	69,826	368,974	15,834	2,466
2013 harvest							
Estimated NZ total hectares, 2013 harvest	Ha	15,742	34,094	11,855	53,471	4,150	1,515
Estimated NZ total tonnes, 2013 harvest	Tonnes	136,853	321,294	85,822	352,641	27,012	7,835
Sold on pre-harvest contract and delivered by July 1 2013	Tonnes	25,748	81,278	41,155	102,829	9,555	1,918
Sold on pre-harvest contract and stored on farm on July 1 2013	Tonnes	55,575	96,089	31,861	104,541	11,594	1,633
Sold at spot/ free price and delivered by July 1 2013	Tonnes	1,629	33,564	878	56,610	1,041	1,041
Sold at spot/ free price and stored on farm on July 1 2013	Tonnes	6,665	25,122	0	23,285	493	0
(For milling or malting only) % Downgraded and sold as feed by July 1 2013	Tonnes	285	-	878	-	0	-
(For feed only) % Used on own farm by July 1 2013	Tonnes	-	296	-	6,396	-	351
Unsold on July 1 2013	Tonnes	46,951	84,946	11,050	58,981	4,328	2,893
Sales channels (2013 harvest)							
Sold on pre-harvest contract (total) by July 1 2013	Tonnes	81,323	177,366	73,016	207,370	21,149	3,550
Sold at spot/ free price (total) by July 1 2013	Tonnes	8,294	58,685	878	79,895	1,534	1,041
On-farm storage (2013 harvest)							
Sold and delivered (total) by July 1 2013	Tonnes	27,377	114,841	42,033	159,439	10,596	2,959
Sold and stored on farm (total) on July 1 2013	Tonnes	62,240	121,210	31,861	127,826	12,087	1,633
Total sales (2013 harvest)							
Sold (grand total) by July 1 2013 (includes used on farm)	Tonnes	89,902	236,348	74,773	293,660	22,683	4,942
Unsold (from 2013 harvest) on July 1 2013	Tonnes	46,951	84,946	11,050	58,981	4,328	2,893
Estimated % change in hectares, 2012 to 2013 harvest	%	-16.2	-5.3	13.0	-3.2	23.4	182
Estimated % change in tonnes, 2012 to 2013 harvest	%	-12.8	-3.1	22.9	-4.4	70.6	218

Crops remaining on farms from the 2012 season

Conditions in 2012 led to a record season, especially in Canterbury. Consequently, panel members were asked how much of each crop remained on farm from last season, as at July 1, 2013. The table shows the tonnages of the 2012 harvest both sold and stored on farm, and unsold stocks on hand as at July 1, 2013. These figures have been scaled up to provide estimated NZ totals.

Carryover stock on hand of grain harvested last year (2012) which had been "sold but was still stored on the farm" as at July 1, 2013 was mostly feed wheat (29,600 tonnes) and feed barley (19,900 t), plus some milling wheat (9,600 t) and malting barley (4,300 t).

"Unsold" stock on hand of grain harvested last year (2012) as at July 1, 2013 was also mostly feed wheat (14,900 t) and feed barley (9,400 t), plus a small amount of milling wheat (900 t). The percentage of unsold grain for the 2012 harvest varies with crop, from 0% for malting barley, milling oats and feed oats, to 1% for milling wheat, 3% for feed barley and 5% for feed wheat.

The last three lines of the table show the trend in volumes of unsold stocks on hand for the 2012 harvest across the October 2012, April 2013 and July 2013 survey points. For wheat and barley crops, there is a large drop between October and April, and a smaller drop from April to July, with the exception of feed barley, for which the large drop is between April and July 2013 (perhaps due to sales to drought-affected farmers).

	Units	Milling wheat	Feed wheat	Malting barley	Feed barley	Milling oats	Feed oats
Number of farmers in the current survey who harvested this crop in 2012		33	59	20	78	10	6
Number of farmers with 2012 crop sold and stored on farm on July 1 2013		2	8	2	13	0	0
Number of farmers with unsold stocks on hand (2012 harvest) on July 1 2013		1	9	0	13	0	0
Sold and stored on farm (2012 harvest) on July 1 2013	Tonnes	9,570	29,622	4,332	19,890	0	0
Unsold stocks on hand (2012 harvest) on July 1 2013	Tonnes	866	14,891	0	9,381	0	0
Total 2012 harvest still on farms	Tonnes	10,436	44,512	4,332	29,271	0	0
Unsold stocks on hand on July 1 2013 (as % of 2012 harvest)	%	0.6	4.5	0.0	2.5	0.0	0.0
Trend in unsold stocks on hand for 2012 harvest							
Unsold stocks on hand (2012 harvest) on Oct 15 2012	Tonnes	16,702	67,378	0	56,244	559	0
Unsold stocks on hand (2012 harvest) on April 1 2013	Tonnes	5,696	14,515	0	46,980	931	329
Unsold stocks on hand (2012 harvest) on July 1 2013	Tonnes	866	14,891	0	9,381	0	0

Plantings and planting intentions as at July 1, 2013

In the July 1, 2013 AIMI Survey, the growers were asked for their planting intentions for spring 2013, as well as their actual plantings in the autumn of 2013.

The number of farmers in the panel who planted or intend to plant as at July 1, 2013, is very low for milling and feed oats, and low for malting barley. These figures should therefore be treated with caution.

For the two largest crops, the estimated percentage increase in total plantings was 6% for feed barley and 6% for feed wheat (though these increases are subject to a margin of error, so may not be real changes). Larger percentage changes were observed for other crops (milling wheat and malting barley) but these are less reliable estimates (reliability decreasing with decreasing size of crop).

As an aside, it was decided to compare autumn /winter plantings and intentions as at the date of the last AIMI survey (April 1, 2013) with actual autumn /winter plantings as at the date of this survey (July 1, 2013), by which time all such plantings have been carried out. The results are interesting. In the case of feed wheat, which is primarily sown in the autumn /winter, the drop in plantings as compared to intentions was only 2%, suggesting almost all of the intended plantings went into the ground. By comparison, feed barley plantings were down by 32% as compared to intentions, and all other, smaller crops were also down as compared to intentions.

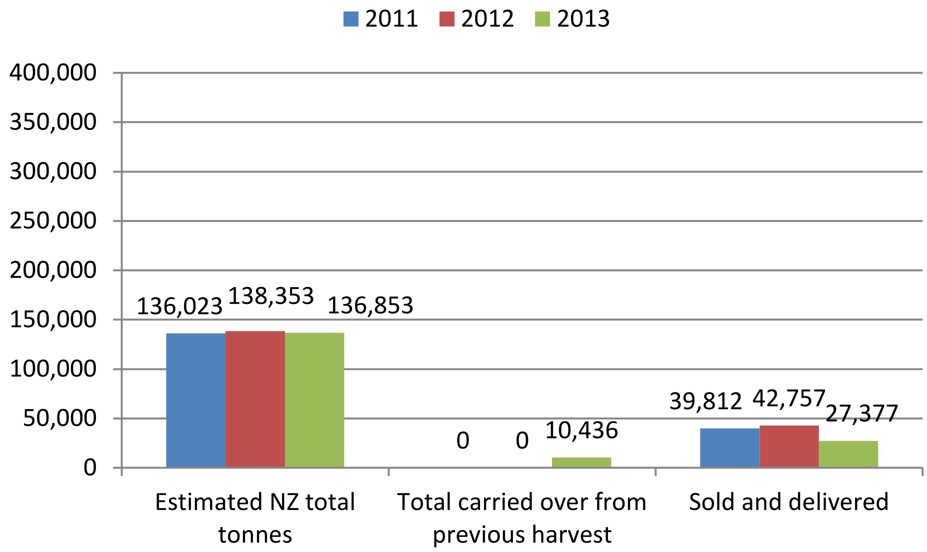
The reason for this reduction in plantings as compared to intended plantings can be traced back to the very wet weather that occurred in Canterbury (and other places) from mid-April until the end of June, 2013. In many parts of Canterbury, over 60mm of rain fell at 2 - 3 weekly intervals between mid-April and the end of June. This meant that the ground had just dried sufficiently after the last downpour for sowing to recommence, when a fresh downpour occurred. In this frustrating situation, priority was given to getting the feed wheat into the ground (since many cultivars require winter vernalisation), with feed barley and other crops being left until the spring for sowing (since most barley cultivars do not require vernalisation).

	Milling wheat (ha)	Feed wheat (ha)	Malting barley (ha)	Feed barley (ha)	Milling oats (ha)	Feed oats (ha)
Number of farmers who have planted in Autumn 2013	19	55	3	39	2	5
Number of farmers who intend to sow in Spring 2013, as at July 1 2013	23	13	18	66	8	6
Estimated NZ total hectares, 2012 harvest	18,783	36,017	10,489	55,211	3,363	537
Estimated NZ total hectares, 2013 harvest	15,742	34,094	11,855	53,471	4,150	1,515
Estimated NZ total autumn / winter 2013 plantings as at July 1, 2013 (hectares for harvest in 2014)	8,926	32,964	748	19,759	632	620
Estimated NZ total spring 2013 planting intentions at at July 1, 2013 (hectares for harvest in 2014)	8,926	3,065	9,318	36,720	3,256	894
Predicted NZ total hectares, 2014 harvest (Autumn /winter 2013 and Spring 2013 planting intentions combined)	17,851	36,028	10,066	56,479	3,888	1,515
Estimated % change in NZ total plantings, 2012 to 2013	-16.2	-5.3	13.0	-3.2	23.4	182.2
Estimated % change in NZ total plantings, 2013 to 2014	13.4	5.7	-15.1	5.6	-6.3	0.0
Comparison of Autumn / Winter *actual* plantings (as at July 1, 2013) with *intended* plantings (as at April 1, 2013)						
Estimated NZ total autumn/ winter 2013 plantings and intentions as at April 1, 2013 (date of previous survey) (hectares, for harvest in 2014)	10,580	33,523	1,626	29,061	1,264	632
Percentage drop in autumn / winter 2013 plantings (as at July 1, 2013) compared to planting intentions (as at April 1, 2013)	16%	2%	54%	32%	50%	2%

For the three main crops, the following graphs present information from the AIMI Survey Reports for July 1, 2011, 2012 and 2013 in graphical form. Note that for 2012, the estimated NZ total harvest tonnages differ from those presented in the first table of this report. The estimated harvest tonnages in the table are a more accurate, matched comparison of 2012 and 2013 harvest tonnages on the same 97 survey farms (scaled up to national totals), so are the best figures for estimating changes in tonnage or hectares from 2012 to 2013. By comparison, the three July 1 survey reports are based upon three different (though overlapping) survey samples, so the comparisons of estimated harvest tonnages from season to season are less precise. On the other hand, the successive July 1 reports all provide information on the breakdown into the categories “sold and delivered”, “sold and stored”, “unsold” and so on, and these data are used here since this is the focus of these graphs.

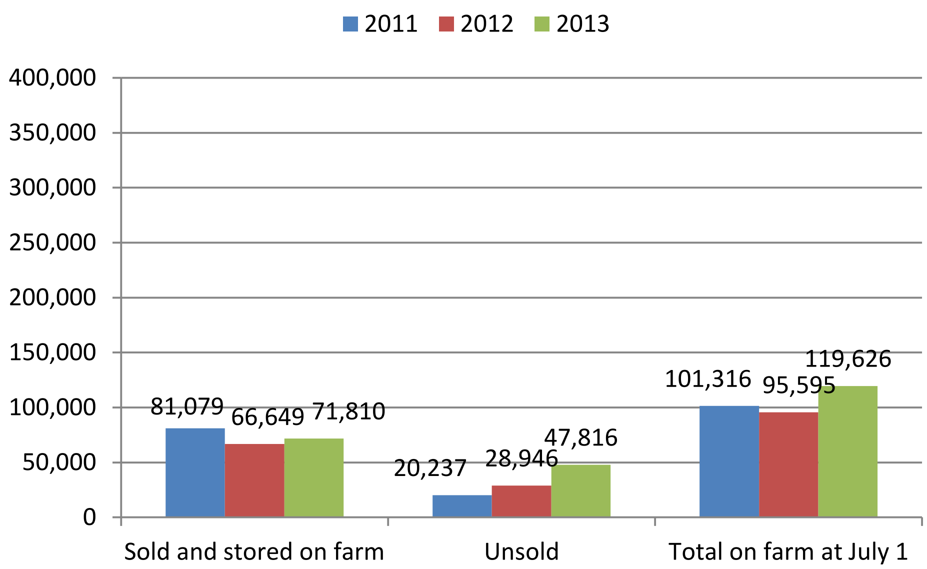
Delivered Sales and Tonnage: Milling Wheat (Tonnes)

**Note: Tonnes carried over from the previous harvest includes both sold and unsold stock on farm.
Sold and delivered relates to the current crop, excluding sales of carryover stock.**



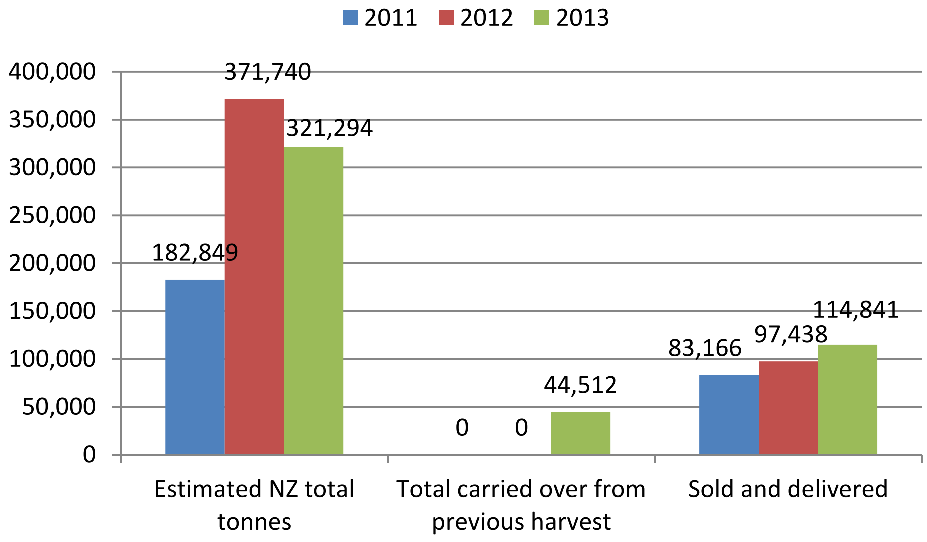
Stock on farms at July 1: Milling Wheat (Tonnes)

Note: Carryover stock from the previous season is included in all information on this graph.



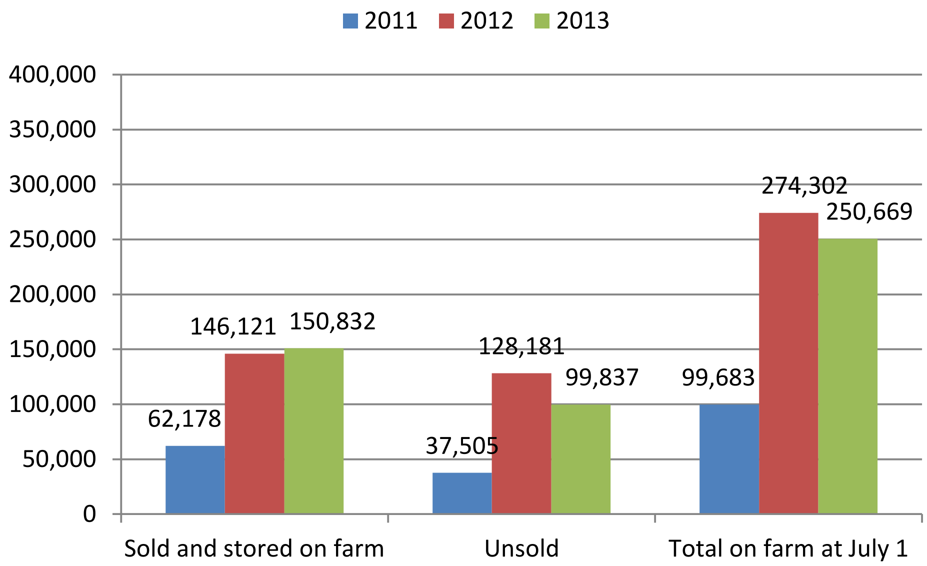
Delivered Sales and Tonnage: Feed Wheat (Tonnes)

**Note: Tonnes carried over from the previous harvest includes both sold and unsold stock on farm.
Sold and delivered relates to the current crop, excluding sales of carryover stock.**



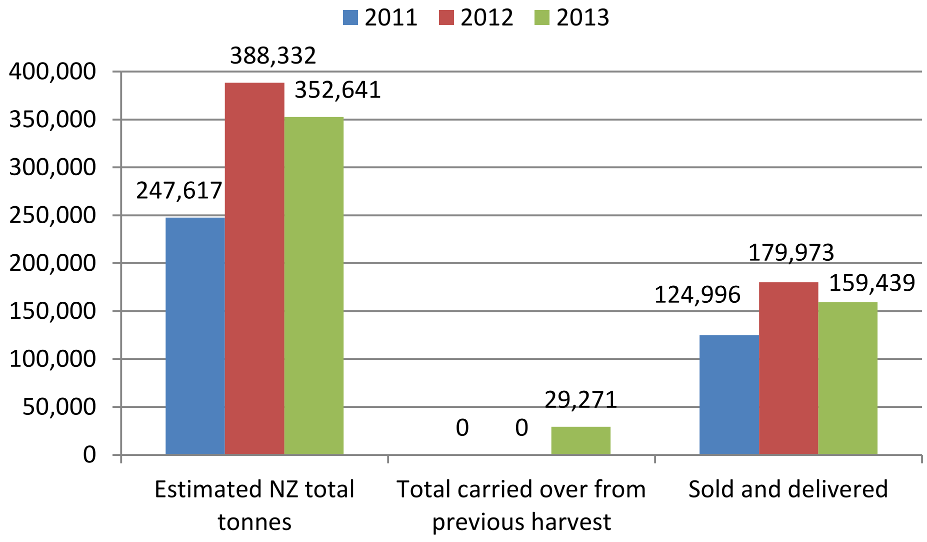
Stock on farms at July 1: Feed Wheat (Tonnes)

Note: Carryover stock from the previous season is included in all information on this graph.



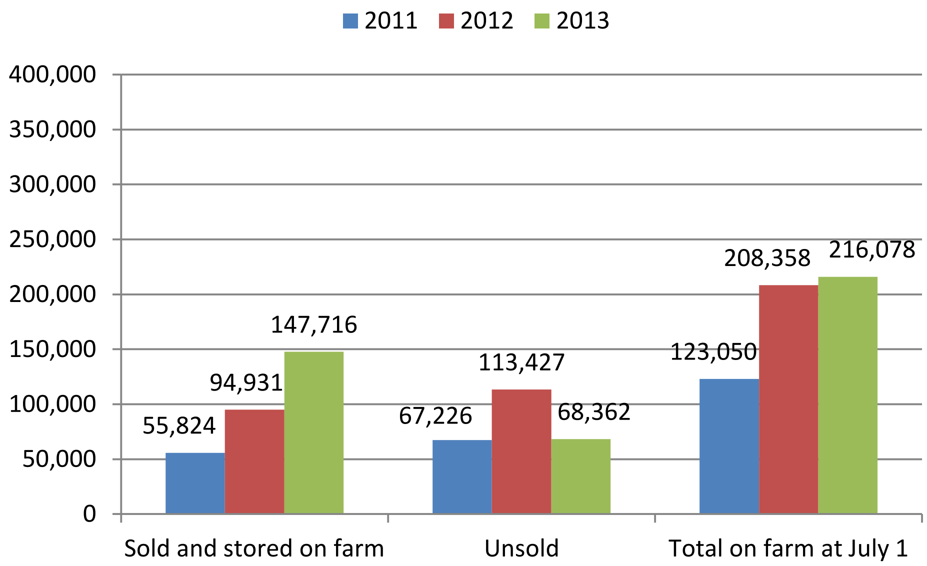
Delivered Sales and Tonnage: Feed Barley (Tonnes)

Note: Tonnes carried over from the previous harvest includes both sold and unsold stock on farm.
Sold and delivered relates to the current crop, excluding sales of carryover stock.



Stock on farms at July 1: Feed Barley (Tonnes)

Note: Carryover stock from the previous season is included in all information on this graph.



Estimated total hectares for harvest in 2014

The graph below shows the estimated total NZ hectares harvested in 2012 and 2013, as well as the predictions for the 2014 harvest. The 2014 figures are based on plantings in autumn and planting intentions for spring.