

- Hope for cereal prices
- Avadex running out of time

Feed demand hope for cereal prices

THE GLEANER

TEMPERATURES have had a sudden drop from an almost balmy 17°C two weeks ago to zero and winter arriving.

This has all added up to make November the second wettest month of the year, wetter than in any in 2014. This should prompt more animal feed requirements which, until now, have not been in demand.

Whatever the UK position, a decline in global demand for animal feed is forecast due to a reduction in consumption. This will see total maize use in feed down by 2% year-on-year – the second highest ever decrease of maize usage in feed rations in the EU, which is where most of the decline came from.

However, world maize production is forecast to be down by 3m tonnes and will see a 3%

decrease in world stocks, compared to last year. The contra to that is that China estimates its 2015 maize crop at 225m tonnes, which is up from 216m tonnes in 2014.

UK wheat prices have been on a downward spiral for two weeks and November, saw Liffe feed wheat futures near to contract lows at £112.35, 20p down on the week.

Sterling strengthened again against the euro to a three-month high of €1.43 to £1, which does nothing to help UK exports competitiveness. This will mean lower payments for many UK farmers, when all other factors remain unchanged.

In September, 2015, €1 averaged £0.7313, which is down 6% from the exchange rate used for 2014/15 payments, 20% lower than the most recent high rate used in 2009

(€1=£0.9093) and the lowest since 2007 (€1=£0.6968).

The UK average ex-farm full specification bread milling wheat price for the week ending November 12 was £118.40 per tonne – the lowest price since July, 2010. This narrowed the UK average ex-farm milling premium to £11.30 per tonne, which is well down on the £20 premium just two months ago.

The AHDB's 'Early Bird' survey for harvest 2016 shows arable area is slightly up by 12,000ha to 4.53m ha and oilseed rape area down to just over 500,000ha. Wheat is similar to last year at 1.8m ha but the area of spring wheat is rising within the wheat area.

In contrast to last year, the winter barley area is estimated to be down 4% to 424,000ha. The expected

10% increase to 727,000ha in spring barley area, if realised, will more than offset the reduction in winter crop and would be the highest area of spring barley since 2009 (except for 2013, which was driven by poor weather conditions in autumn, 2012) taking the total barley area 5% higher than in 2015.

The 2016 area for oats is expected to increase by 13% to 148,000ha, similar to the fall witnessed last year and, if realised, this would be 9% higher than the previous five-year average.

The oilseed area is expected to decline in 2016 by 14% to 565,000ha and 19% below the five-year average, the lowest area since 2009.

While the strength of sterling is keeping pressure on feed and malting barley export values this

week, the euro also fell to a seven-month low against the dollar last week, with €1 equating to \$1.065 and forecasters are predicting parity by the end of the year.

The feed bean market remains static with plenty of demand from animal feed compounders, but premiums for human consumption beans are coming under pressure. Plus there's still quite a lot of the Scottish bean crop sitting with its feet in water, which might never be harvested.

The GB weekly average potato price last week dropped by £4.11 to £137.86 per tonne and the free buy price fell by £3.82 to £134.31 per tonne. Though the condition of crop in store is generally good, there have been odd cases of sprouting and deterioration in some ambient stores.