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Taking a new look at oilseed rape – page 35

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# Markets await Brexit vote

**NOW THAT May is with us and with forecasts of warmer weather for this weekend and into next week, we should see crops move on and catch up on lost time due to recent cold weather.**

## THE GLEANER

Commodity markets have been quiet of late as we await the results of the Brexit referendum, plus with the Northern Hemisphere's generally good crop development and few weather issues, there is not much to excite traders at present.

UK feed barley supplies have become harder to find due to a high level of exports and more barley fed on farm than anticipated. There is no good reason to keep old crop on farm into the new harvest year as prices are now similar to wheat and the recent cold weather is pushing back the potential harvest date and creating further interest in old crop.

May, 2016, Liffe feed wheat futures were up £1.45 on the week to £106.95 and support from Chinese buying activity helped to steady prices. China has also recently been a buyer of large volumes of other grains and soyabeans.

Forecasters are predicting that EU wheat yields will be up by 0.15t/ha to 6.11 t/ha which is above the five-year average. This is due to reports of better crops in France and Germany, the EU's two largest producers.

The International Grains Council has said that total grain supply this year could hit a new record in 2016-17 at 2.006bn tonnes, which is a 9m tonne uplift from previous forecasts. This would leave the market in surplus again, with supply outstripping demand and lift end stocks to 472m tonnes.

Within that figure, wheat is forecast up by 4m tonnes to 717m tonnes and end stocks up to 218m tonnes; world maize is predicted to be up 5m tonnes to 998m tonnes and consumption down by 5m tonnes. But, there are also some uncertainties about world total grains supply and demand, largely linked to adverse weather for South American maize.

The oilseed market is likely to be tighter too, as soya production is forecast down by 5m tonnes to 318m tonnes due to the impact of that poor weather in South America. Consumption is likely to grow further and this could see end stocks at a three-year low of 31.7m tonnes.

The Argentinean government has lowered its soya estimate to 57.6m tonnes, which is 3.3m tonnes down from last year due to recent heavy rainfall. Also, world oilseed rape production will be down by 4.4m tonnes after a steep decline in Canadian production.

Reduced rainfall in Poland and Ukraine has led to concern for their winter crops. Dry conditions during the sowing period and frost kill in January, drastically impacted their crops and it looks like they have had little regrowth and it is expected that this reduction in winter wheat will be replaced by sunflowers in Ukraine.

A crop survey has shown that 59% of US winter wheat is in 'good' or excellent' condition – that's up 2% from the previous week due to beneficial rainfall in the US plains – and this is the highest proportion rated 'good to excellent' since 2012.

US maize export sales were, at 2.2m tonnes in the week ended April 21, 80% up on the previous week. That means that, since September, the US has exported 28.7m tonnes.

Dry weather has seen more US exports to Brazil and it is rumoured that this is the largest amount of US maize Brazil has imported in more than 20 years.

Russian grain exports in April were at a record 2.5m tonnes. In total, exports have overtaken last year's record and are expected to reach 31.4m tonnes for the full season. This has been helped by a favourable exchange rate and wheat exports from the Black Sea region have been competitive enough to fight off supplies from other key exporting regions this season, such as the EU and US.

Due to current low prices and low returns for farmers, US machinery manufacturers are feeling the effect. Over the first three months of 2016, one large US machinery manufacturer's profits were down by 55.9%, revenues were down 17.6% and sales by 13.7% year-on-year.

One manufacturer reported a nett loss of $513m over the three months to March 31, compared to a nett profit of $23m last year. It would appear low prices affects all sectors in agriculture.