

◆ The Gleaner

# Looking forward to getting back to 'normal'

WE HAVE once again reached the summer solstice and the longest day – it seems to have crept up upon us suddenly and for us in the east of the Borders, it certainly does not feel like mid-summer, having endured weeks of cold east winds.

At least the forecast this week was for warmer temperatures and after Thursday, we will know which way the wind blows for farming for the foreseeable future after the EU referendum is behind us.

Thank goodness we can then get back to some sense of normality, as over the past few months, markets and currency changes have reacted to every poll that has been produced, which has caused price volatility in the market place.

As always the global weather situation also reflects changing crop conditions and results in fund managers either rushing to buy or sell into commodities.

Due to the recent wet weather in France and Germany, Strategic Grains has cut its prediction of soft wheat production by 1.3m tonnes and there are concerns regarding fusarium in the grain kernel.

This could result in poorer quality samples this harvest and this has already pushed export malting barley prices up by £5 per tonne.

That said, EU soft wheat yields are forecast at 6.07 t/ha which is still 4% above the five-year average and the barley average yield has been increased by 2% to over 4.3t/ha.

However, other European countries have had better weather with yields better than expected – like in Spain – so the EU wheat harvest is still being quoted at 146.7m tonnes.

French soft wheat export expectations outside the EU in 2016-17 have been cut by 1.5m tonnes to 11.6m tonnes and the commission estimated total EU soft wheat exports to be 31.3m tonnes in 2015-16 and 30.3m tonnes for this coming season.

The Liffe feed wheat futures hit £125 per tonne early last week – the highest point achieved for more than five months.

This was due to weak sterling and weather issues in Europe and South America.

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At one point, July old crop wheat futures were up £1.50 to £108.95 but November new crop was down £2.20 per tonne to £120.40, which was the first weekly loss in three weeks.

Bread milling wheat, ex-farm, was up £2.20 on the week to £122.30 and feed wheat was up £1.20 to £106.90.

In addition, feed barley was up £1.70 to £100.40 and oilseed rape delivered to Erith was unchanged at £280 but for delivery in November, it was down £9 to £288 per tonne.

Sterling remains extremely volatile against the euro in the run up to the referendum, hitting lows of 1.25 last week before picking up again to 1.27.

UK wheat exports from last July to April totalled 2.23m tonnes compared to 1.73m tonnes for the same period last year. Barley exports were 1.76m tonnes, compared to 1.31m tonnes for the previous period.

Strategic grains has forecast the UK wheat harvest to be 15m tonnes, compared to 16.4m tonnes last year and barley to be down 400,000 tonnes to 7m tonnes this harvest.

The USDA has forecast the 2016-17 global wheat crop at 731m tonnes, compared to 734m tonnes in 2015-16 and season end stocks are expected to increase to a record 258m tonnes up from 243m tonnes last season.

The Russian wheat crop is expected to be up from 61.8m tonnes last year to 64m tonnes this year and, in the US, the wheat harvest is underway and going well, with yields reported as 'good' with the majority of Texas and Oklahoma wheat now harvested.

Canada canola (rapeseed) growers are expected to have their best price for four years due to an expectation of a 1.8m tonne reduction down to a 15.4m-tonne crop due to a 4% drop in planting area.

Rapeseed prices will find support from lower domestic stocks and tighter, but still large, world vegetable oil supplies.

Malaysian palm oil futures hit a four-month low due to the Malaysian palm oil board imposing a 6% tax next month on palm exports, up

soya oil market.

US soybean processors crushed 4.2m tonnes in May – the largest amount crushed in May on record, up nearly 4% from the amount processed in April.

Concerns about the reduced size of Argentina's

soybean output this season has created greater demand for US soya. So far this season, cumulative US soyameal net export sales are at 6.1m tonnes, up nearly 20% from the same point last season.

Since the start of April, Chicago soybean futures

have risen by 22%, driven by the floods affecting this season's Argentine crop.

From a UK perspective, the news coming out of South America has been a contributing factor to the upward moving UK delivered rapeseed prices.