

● A look ahead at the seeding options for 2015

Edited by  
Ken Fletcher

# Barley is on the up

**IN THE Borders we have had no snow but some high winds, which have caused some damage but will go a long way towards drying out sodden fields.**

And, just as the weather has had its ups and downs, the volatile markets, which had been awaiting the latest USDA report on January 12, if anything are a little less turbulent.

There had been a lot of uncertainty over Russian plans to limit exports, but now that we know that Russian exports to Egypt already on contract will be honoured, the position is much clearer.

The highlight from the USDA report is that global wheat production is revised 1.2m tonnes higher from December's estimate, which will increase closing stocks by a similar amount. These figures, however, are not significant enough to change global wheat dynamics much.

Global maize tonnage

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indicates lower production estimates, translating into lower stocks, which acts as some kind of protein balance.

That said, soyabean production is estimated up by Brazil by 1.5m tonnes to a record 95.5m tonnes. US production and end stocks are forecast higher as well, which will depress oilseed markets, especially as crude oil prices have weakened yet again.

Oilseed stocks are now estimated at 65m tonnes for the first time since 2006, which makes trade to China critical as well as increased US domestic demand.

Crude oil fell to a new 5½-year low of \$48 per barrel and fuel station pump prices for petrol in the UK could be advertising soon at under £1 per litre for the first time.

At the beginning of the year, oilseed rape was trading at its highest level since the

middle of last June, with good tonnages bought and sold. Markets were led by currency changes as the euro continued its downward trend.

Weather issues again helped to stir things up and reports of dry conditions in South America threatened to delay crop development, but better weather forecasts have quietened things down again.

Strong monsoon rains in Malaysia, which is the second largest palm oil producer, is causing disruption to supplies of palm oil and having a larger than expected effect on both harvesting and transportation of the vegetable oil. Although palm oil stocks are at a high level, spot supplies are reported to be tight.

Palm oil is the dominant vegetable oil in the global market and, as such, events in the palm oil markets can affect the values of all vegetable oils,

including rapeseed oil.

Malaysian palm production in December was 22% lower than last November and the lowest produced in December since 2010, mainly due to the worst monsoon in 50 years.

Despite this, oilseed rape delivered Erith last week remained unchanged at £277 but, following the USDA report, prices eased back by £3 per tonne this week.

May, 2015, feed wheat futures were down 40p on the week to £135.60 but again, following USDA's report, futures closed £2.05 lower to £133.55. November, 2015, futures at the end of last week closed at £140.40 and for November, 2016, were £145.10.

Despite falling prices, the discount between UK and French wheat has widened substantially. At the beginning of the season, UK wheat

prices were around €15 below French wheat prices but as at January 12 the discount was more than €23 per tonne.

The UK is also maintaining a discount to US prices, so it continues to look positive for export demand for UK stocks. However, exports from July to December were under 1m tonnes and, with a 3.5m-tonne exportable surplus, there needs to be urgent export activity.

Wheat plantings in the US are the lowest since the 2010 harvest and concerns for winter kill and further cold weather for the US Mid-West, with snow and freezing temperatures, could affect one third of the soft wheat belt.

In comparison, Turkey wheat production is expected to be down by 3m tonnes following its driest summer for over 150 years.

Sterling fell to an 18-month low against the dollar on growing fears about the potential impact of Greece

leaving the euro and this means that £1 now equates to \$1.50 – the euro fell to nine-year low against the dollar, equating to \$1.18 per £1. This is due to continued economic problems across the Eurozone and analysts reckon the euro and dollar may even reach parity.

The feed barley market has picked up, though, with Tunisia buying two cargoes for February/March shipment. This may come from the UK as we are competitively priced compared to the rest of Europe.

While feed wheat ex farm is down £2.70 to £131.50, feed barley is up £6.10 to £120.50. also, old crop bean prices continue to hold up well with good demand for UK human consumption.

By the end of 2014 the UK had exported 140,000 tonnes and with another 40,000 tonnes already committed for January to March only around 30,000 tonnes will be available from the UK.

## Making the right choice of new varieties