THE SCOTTISH Farmer ARABLE TSF reaches 104,000 weekly audience in print and online January 24, 2015

Edited by Ken Fletcher

- Competitive export market
- Septoria threatens winter wheat

Currency plays its part

THE GLEANER

AT last we have seen some typical winter weather with some sub zero temperatures and a slight fall of snow.

We have, however, had 12 recorded days of rainfall this month so far to give a total of 60 mm or more than two inches of rain.

Winds have been quite a feature as well but again no real damage appears to have been done in the Borders area.

Currency is still playing its part in determining wheat prices as the euro continues to slide, falling to a new 12-year low equating to $1.15 US.

Sterling has rallied to a seven-year high, equating to €1.31. The value of the euro fell sharply as speculation grows that the European Central Bank is expected to reveal a new quantitive easing programme.

This is positive for European markets partially insulating them from the falls in US prices and offering the potential for greater exports to non EU countries.

However, with the euro falling to its lowest level against the pound since March 2008, this means that the UK is in a more competitive environment in the EU market for UK exports.

France is exporting more wheat than normal to Egypt due to the favourable exchange rate as the euro continues to weaken against the dollar.

UK wheat exports for the year to date total 714,000 tonnes compared to 170,000 at this time last year, barley exports are down 100,000 tonnes to 560,000 tonnes and wheat imports total 82,000 tonnes compared to 1.2m tonnes last season.

Europe has exported 15.3m tonnes of wheat compared to 15.9m tonnes at this time last year and barley is down 300,000 tonnes to 4.5m tonnes.

Maize imports stand at 5m tonnes down from 6.2m tonnes last year to date. EU soft wheat exports are forecast to hit last year's record total of 29.3m tonnes on the back of the Russian export tax, which starts on February 1.

May 2015 feed wheat futures fell by £4.60 to £131 and November 2015 new crop wheat futures were down £4 to £136.40. November 2016 futures were down £3.95 to £141.15.

UK milling wheat markets are remaining firm as the UK protein market looks set to retain its premium strength. UK flour producers have increased the proportions of home grown wheat at the expense of imported wheat making the most of this season's ample supply of good quality wheat.

The amount of imported wheat milled last November totalling 85,000 tonnes was the lowest in nine months, down almost 50% on the amount of imported wheat milled during August. Home grown wheat milled from last July to November at 2.3m tonnes was the highest volume used in four years.

The gap between the UK price of maize has widened against feed barley and feed wheat in recent weeks. EU delivered maize has a discount of 19 euros against feed wheat and £10.50 against feed barley. The competitiveness of maize at present may help to explain the continued demand for maize imports in the UK at present.

UK ex farm prices for feed wheat dropped £1.90 on the week to £129.60, while bread milling wheat fell £5.00 to £171.10. Feed barley dropped £5.90 to £114.60. Even though feed wheat futures have fallen, barley price for export has remained relatively firm as barley exports are currently taking place.

The amount of barley being used in feed rations continues to decline and increases the reliance on the export trade to move the UK surplus stocks.

New crop prices for both feed and malting barley have slipped as commodity prices have come under pressure. Milling oat prices remain steady as forward demand continues and some export trade is taking place as well.

With regards to the global weather situation, warmer temperatures were reported across the US wheat belt, which will ease the threat of winter kill.

Recent rain in South America has been beneficial to maize and soyabean crops. In November the chance of an El Nino occurring rose from 50% to 70% as a result of above average temperatures in the Pacific Ocean, but now the sea surface temperatures have cooled and the threat of an El Nino has eased so yield and production levels for maize, wheat and soyabeans are no longer under threat in areas of the US, South America, Australia and South East Asia that would have been affected.

So, at present, no weather issues around to cause any volatility to commodity prices.

Last week the first soyabean export sale to China from the US was cancelled this season, which has started concerns that US exports could dry up. This follows a record year in 2014, when Chinese soyabean imports set a new record of 71.4m tonnes, up from 63.4m tonnes in 2013, coupled with expected record production of soyabean in South America this has caused Chicago soyabeans to reach a three month low.

Oilseed rape delivered Erith was down £7.00 last week as a result to £272.00. Again currency caused prices to ease as globally oilseeds are traded as a dollar commodity and the strength of the US dollar set against a weak euro continued to make European oilseed rape look cheap in dollar terms and for UK farmers a strong pound pushed delivered prices lower.

Old crop feed beans have risen by £8.00 as consumers bought tonnage due to the big volume of human consumption bean exports that have taken place since harvest.

Good quality spring beans are worth more than £250 per tonne.

New crop bean prices are holding up well with feed beans trading at £35 over November LIFFE wheat futures on an ex farm basis and there is the possibility of a £30 premium for human consumption beans as well.

Farmers facing disease boom in crops