

● New variety in the news for different reasons

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Cereal market faces doom and gloom

THE WIND chill factor is not just being felt in the arable fields of Scotland, but in the various markets that support them too.

Doom and gloom seems to be the expression to sum up the cereal markets at present as the May, 2015, LIFFE feed wheat futures dropped yet again last week by £6.60 to £123.85 and again by £1.35 at the start of this week.

Since the 2014 price rally, UK feed wheat futures prices have been on a downward trend though so far in 2015. The trend follows confirmation of plentiful global grain supplies, with gains relative to the euro adding extra pressure.

Despite falling prices the premium for November, 2015, new crop future contracts over the May 2015 currently stands at around £7.50 per tonne. This positive carry over figure into next season's crop reflects confidence in plentiful UK and global supplies this season and may also provide an incentive to carry over stock into 2015/16.

However, it is early days yet regarding the state of winter crops

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for this harvest coming up, and spring planting yet to start.

The latest EU crop monitoring companies report points to low levels of winter kill across the EU so far this winter, while winter crops in the EU are looking good, the report highlights that damage has likely occurred in parts of Ukraine and Russia following less than optimal establishment due to a dry autumn.

Russia forecasts that up to 3.5m ha of winter crops will need to be replanted and that their 2015 cereal crop will be down from last year's total of 104m tonnes to 86m tonnes.

The latest HGCA 2014/15 balance sheet shows the UK exportable wheat surplus at 3.45m tonnes and this total is not being helped by very low wheat exports partly due to the weakness of the euro and the uncertain future of the Eurozone financial debt.

Exports are running behind schedule and the pace needs to

rapidly increase to prevent a massive end of season stock build up. November, 2015, feed wheat futures dropped by £5.75 to £130.25 and for November, 2016, futures were down £3.50 to £135.75.

UK domestic feed markets have also been quiet with little demand from animal feed compounders. There has been a 1.3% decline in UK compound feed demand so far this season, while consumption is up for pigs and poultry, this is offset by lower usage for cattle and sheep. Maize and barley have become more price competitive against wheat in certain regions.

UK bread milling premiums have remained firm with strong demand seen for Group 1 and 2 varieties. UK bread milling wheat ex farm is currently worth £171.80 compared to feed wheat at £125.20 and feed barley at £119.60.

We still have a sizeable exportable surplus of barley and current export

demand is not guaranteed as the UK competes with other barley exporting countries into North African and Middle Eastern markets. The HGCA balance sheet puts the UK 2014/15 barley surplus at 2.08m tonnes so plenty to go at to see this tonnage decrease before harvest.

There is little current domestic market for malting quality barley at present but there is some demand for export spring varieties.

Interesting to note that 2015 marks the 50th birthday of Golden Promise barley. Within 10 years of its commercial release in 1965, Golden Promise occupied 58% of the certified barley seed acreage in Scotland, effectively taking over from the once popular Scandinavian variety, Ymer.

Golden Promise was the first cereal variety to be protected in the UK under the new 1964 Plant Varieties and Seeds Act. Although not on the Recommended List, it

continues to be grown due to market demand from specialist brewers and distillers.

Maris Otter barley was also introduced to farmers in 1965 and the variety's Golden Jubilee is being celebrated this year.

Oilseed rape delivered Erith was down £8.50 on the week to £258, with currency again playing its part, but there has been some global weather issues with monsoon flooding in Malaysia and dry weather in Indonesia, which has potentially reduced palm oil production this year.

Together the two countries produce 85% of the global supply and the reduced supply may lend some support to palm oil prices, which have fallen to five year lows in recent months.

However, with crude oil prices at a five year low – the outlook is not bright for prices going forward. Brazil has suffered losses to its soyabean crop due to having less than half of normal rainfall in January and this could help the oilseed markets going forward.

A wheat to get
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