

Wheat futures down

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THE GLEANER

WE have now had 49mm or nearly two inches of rain so far this month, but once again sunshine hours have been very few and there are concerns that grain will not be filling as well as expected, even though crops look well in the field.

Combines have started rolling in the south of England in winter barley, but too early yet to get any meaningful feedback on quality or yield. However, European crops cut so far look to be yielding well, even with the recent dry and hot weather.

The Liffe feed wheat futures last week for November 2015, were down £3 to £131.50 and for November 2016, down £1.70 to £135.90.

Following the recent USDA forecast report last Monday, November 2015 feed wheat futures dropped by £3.20 down to £128.50 and oilseed rape dropped another £4 on Monday, following the previous week's £4 fall again following a £4 fall.

The wheat drop was due to the global wheat supply and demand looking a lot heavier in the latest forecast than a month earlier.

This is primarily due to significant changes to opening stock figures for both the 2014/15 and 2015/16 seasons on the back of large retrospective reductions to estimates of animal feed use in China.

Use of wheat as animal feed is also projected to be lower in 2015/16. These changes resulted in a 11.7m tonne increase in global wheat carryout from 2014/15 to 212m tonnes, – a level which represents 30% of 2014/15 demand compared to 28%.

harvested 4.5m tonnes of wheat compared to 7.1m tonnes last year to date with average yields of 3.87t/ha compared to 3.7t last year.

The 2015 GB wheat crop is now forecast at 15m tonnes compared to 16.6m tonnes in 2014. This is due to a 3% decline in GB wheat area for harvest 2015 compared to a 3% increase in total barley area.

If GB wheat yields match the highest GB average yield in the past five years ie, the 2014 average yield of 8.58t/ha the total GB production would remain slightly above 16m tonnes.

This level has only been reached in two of the past 10 years – 2014 and 2008. However, if yields only match the GB average yield in 2013 at 7.38t/ha, then GB wheat production would fall to 13.8m tonnes – only 600,000 tonnes higher than in 2012/13.

Relatively high GB barley production looks set to continue with total barley production remaining above 6m tonnes even in a low yield situation.

For spring barley specifically, a low yield equal to the average GB yield in 2010 of 5.22t/ha would result in GB production higher than in seven of the past 10 harvests.

A repeat of the 2014 yield would deliver the highest GB winter barley production since 2002. To sum up the AHDB planting survey – 2015 GB wheat area estimates stand at 1871ha compared to 1927ha in 2014 and barley at 1086ha compared to 1056 in 2014.

The strengthening of the euro against sterling

likely to be here to stay until at least the winter according to weather forecasters from Japan and the US who suggest it could be stronger than previously forecast.

Oilseed rape prices remain low and the reason for being down £4 once again, is due to the recent USDA figures showing a large stock accumulation of

soybeans in both 2014/15 and 2015/16 keeping the big picture for oilseed supplies a bearish one.

US soybean export sales for the 2015/16 marketing

year are lagging behind recent years with only 6.3m tonnes committed, compared to nearly half of the 11.7m tonnes committed at this point ahead of the 2014/15 marketing season and the lowest since 2010/11.