

Harvest starts on a quality note

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THE GLEANER

HARVEST IS getting underway in the Borders and Aberdeenshire, with winter barley the first to be cut.

Both that crop and oilseed rape have been sprayed off in the past week or two, so it will not be long before oilseed rape is ready as well. All we need is the weather to make it happen!

Early indications are that yield and quality are better than expected following the poor low sunshine during the year to date. July produced 103 mm, or 4 inches, of rain which is the wettest month since July, 2012.

However, for the year to date, we have had 345mm or 13.58 inches. This compares to 359 mm, or 14.13 inches, last year – so, despite what we might think, it's really quite similar.

The main problem has been that there has been a lot less sunshine to ripen the crops and that's the reason why harvest is approximately two weeks behind last year, despite crops looking well in the spring.

The oilseed rape harvest is getting underway in England, with yields coming in above expectations, with several reports of yields around 5t/ha and the majority above 3.8 t/ha. Even with the 7% area reduction in UK oilseed rape this year, it looks like the crop size will be as big as last year.

July has also been a month of falling prices on commodity markets around the world, due partly to the Chinese economy and its falling stock market, which will likely see a reduced demand for raw materials into the second largest economy in the world.

London's Liffe feed wheat futures have fallen by £12 in July and, last week alone, for November, 2015, fell £3.45 down to £119.85. For the first time since May, it finished at under £120 per tonne and on Monday this week fell by another £1.55.

I wonder just how much further prices can drop, but with sterling against the euro 12% stronger than it was 12 months ago, UK wheat would need to be £14 per tonne cheaper to be same in euro terms. This could see a bigger downside in the market, given that the UK is heading towards a large exportable surplus in 2015/16.

UK prices have followed global prices lower as benign weather in the US has increased confidence in crop prospects over there. UK ex-farm bread milling wheat price fell by £9.90 last week to £132.90, compared to feed wheat which was up £1 to £117.50. Feed barley was up 20p to £99 and oilseed rape delivered Erith was down £6 to £268.50.

Dry conditions in Canada and Argentina continue, but are not

considered to be sufficiently severe to affect crop yields too much but in Europe intense heat has affected some of the main cropping area especially in France and Spain.

The EU commission has reduced the yield forecast for French spring barley to 6.17 t/ha down from 6.47t/ha. Although EU crop prospects have deteriorated compared to initial forecasts, expected yields for wheat and barley are still above the five-year average.

However this is not the case for maize if the weather remains hot, with further cuts to estimated yields which have already been lowered from 9.39t/ha down to 8.63t/ha. The EU commission estimated the average cereal yield at 5.19t/ha and this is the first time the season's yield forecast has fallen below the previous five-year average and this is due to a steep drop in the forecast maize yield.

At a global level, wheat production in 2015/16 is forecast 1m tonnes lower at 710.3m tonnes, compared with June, while maize output is expected more than 3m tonnes higher at 966m tonnes.

This is largely due to an upward revision in Chinese maize production. Both global wheat and maize stocks in 2015/16 have been revised upwards by 5m and 7m tonnes, respectively, in light of

lower forecast consumption. That will only add to the increasing world commodity stockpiles.

Russian grain exports, however, in the first half of July, were substantially down compared to this time last year, despite the country's price competitiveness. Harvest delays and difficulties with customs clearance are reported to be contributing factors. Grain exports in the first 15 days of July were down 57% year on year at 400,000 tonnes.

The UK harvest to date is indicating an average yield of winter barley at 7.0-7.2t/ha, around the same level as 2014's average UK winter barley yield of 7.2t/ha and above the ten year average of 6.5t/ha. Quality indicators have shown clean bright samples, but these could deteriorate over the course of harvest due to rain.

Due to the Chinese stock market falling by 10%, oilseed prices continue to fall and futures were down £5 from last week. Cancellation of 200,000 tonnes of US soyabean to China does not help, as China bought more cheaply sourced soya from South America.

Global vegetable oil prices also slid lower over the past week as Brent crude futures closed 4.4% lower on the week mainly driven by concerns over China's stock market and high production levels from OPEC.