

- Potato farmers under pressure
- British barley for China

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Mild weather has trouble in store

THE GLEANER

HEAVY RAIN and high winds plus unseasonally high temperatures this past week of up to 17°C may have added cost to already under-pressure arable farmers, especially potato men.

As well as the clear up costs, the mild weather is playing havoc with some potato stores which are having to work their systems harder to cope with the above average ambient temperatures.

And those potatoes in ambient stores, have been having issues with the crop breaking dormancy, leading to fears of later quality issues. Luckily, quite a lot of the crop was stored in pretty good nick, having been harvested in drier conditions than we have now.

Compared to cereals, the good news is that potato prices this year have picked up and the GB potato weekly average price was up last week by £3.14 to £139.87, compared to £109.85 at the same time last year. The weekly free-buy price was down £1.37 to £134.86, compared to £78.86 in 2014.

The cereals markets have been quiet this past week and have been stuck within a £4 price range for the last three weeks. However,

there are global weather issues that are cropping up which helps support prices. The 2015 Liffe feed wheat futures were up 0.05p on the week to £115 per tonne, showing how little the markets are moving.

Though weather in the US appears to be better, with some rain forecast for most of the plains, crop conditions in Russia and the Ukraine are a concern. The Russian crop is put at 25% 'poor' against 16% at this time last year.

Parts of the Ukraine have suffered their driest autumn in 50 years, which has resulted in only 86% of wheat getting sown and, of the sown area, 45% has not germinated and their 2016 wheat harvest could fall by nearly a third.

This could see Ukraine's harvest drop 8m tonnes, but more importantly lead to a 33% drop in exportable surplus, down to 10m tonnes.

Despite another big domestic wheat crop in 2015 and obvious surplus, the UK continued to be a net importer of wheat in the first quarter of 2015/16, although to a lesser extent than a year earlier.

Poor exports and strong imports, where in September imports were the highest since July, 2014, has not helped this and maize imports have also remained surprisingly high as well.

EU exports have also been slow in comparison and at the end of October were 2.3m tonnes less year on year. The EU commission increased estimates of wheat production by 4.6m tonnes to 163.2m tonnes and end stocks were increased by 21% to 17.6m tonnes. That's a lot of grain to shift.

In contrast, barley exports from the EU and UK are ahead of last year and UK barley exports to China would help a lot once they follow France's lead and get the protocol required rubber-stamped (see following page for news).

To give a steer on how this could benefit the UK, French barley exports were up 56% year-on-year, including 1.87m tonnes and a 320% increase in tonnage to China.

The UK feed barley market is quiet due to a stronger sterling against the euro and domestic consumer demand lacking as feed

compounders find wheat more competitively priced in animal feed rations.

UK malting premiums have continued to reduce and, with EU malt barley the cheapest in the world, the premium is down to £10 per tonne over feed.

There is a big surplus to export, estimated at around 2m tonnes and 1m needs to be exported in the next six months to have any chance of clearing stores. Year-on-year consumption in the July-September quarter by brewers, maltsters and distillers is down by 7% to 447,000 tonnes.

Millers, starch and ethanol producers consumed just over 1.6m tonnes of wheat in the three months to September – down 5% on the same period last year. The UK oat milling industry used an estimated 125,000 tonnes in the first three months, which is an increase of 6% on the same period.

The UK's ex farm price for milling wheat was up £2.90 to £119.80, compared to feed wheat which went down £1.50 to £106.70. Feed barley was down £2 to £98.30 and oilseed rape delivered Erith was up 50p to £269, even though oilseed rape futures were up £4 on

the week.

In 2014/15, potato seed exports outwith the EU were up 15.5% to a highest total ever of 90,000 tonnes. In Scotland, which accounts for around 80% of UK seed potato exports, the sector is estimated to be worth £80-100m and growing.

Most of this growth came from a market share jump in Egypt, which now equates to 58% of all GB exports. Freedom from dickeya, brown rot and ring rot, has pushed Dutch seed off top spot.

Other countries often have much stricter seed import standards than the EU, so AHDB Potatoes is working with SASA to meet the needs of all involved.

Cuba, India and Vietnam are just three of the 50 plus countries AHDB is focussing on with support from SASA.

India is the world's second largest producer of ware potatoes, after China and, in China, potatoes are now officially seen as a staple food.

Potato consumption in China is currently 40kg/head, with a goal of 60kg/head, partly to help with food security, but also because of their nutritional value compared with rice, and a better use of water.