



Straights market update

April 2017



Protein prices have come down in recent weeks, and they could fall further, but now is a favourable time to book for the summer, particularly for rapeseed as summer prices are likely to increase.

Soya bean meal

In the last two weeks a USDA quarterly report has revised carry-over stocks and crop forecasts for various crops, which has seen estimates for the size of the Brazilian soya harvest increase from 102 million tonnes (MT) in December to over 110 MT in April, and forecast soya plantings in North America for the October harvest increase by 6.5%. This has resulted in soyabean meal prices into the UK for May-October 2017 falling from £336 to £300/ tonne in the last two months, and long term for next winter we should see soya prices relaxing more, within the constraints of currency exchange rates.

However there are concerns about weather conditions in Argentina where it has been very wet. At the moment the weather forecast for the main soya growing regions in Argentina is improving for the next two weeks, so the harvest is likely to make rapid progress. However CRM (Market analyst) has warned us that if it starts to rain again we could see summer soya prices rallying by 10% or more quite quickly. If you need soya and haven't covered your requirements through to September, then consider booking some now to lock in to the recent falls, or consider some insurance, allowing you to benefit from the downside whilst being covered.

Rapeseed meal

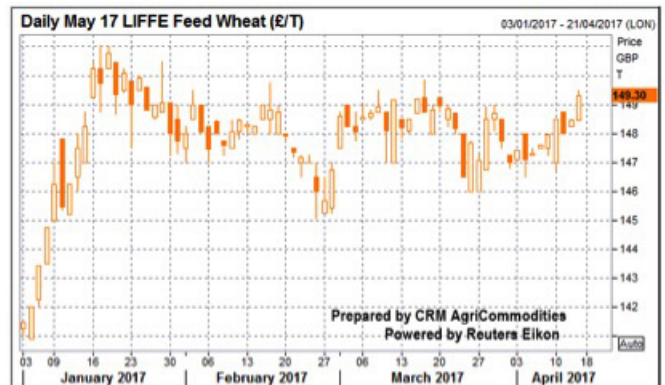
The recent fall in soya prices has pulled rapeseed meal prices down for the summer by a limited amount to £195/tonne. There is a shortage of rapeseed in Europe, and the crushing plants have started to close early for the summer due to the shortage of seed and poor margins. As the crushing plants close the only rapeseed meal left in Europe could be that in store.



The new rapeseed crop is looking fairly healthy and it is flowering two to three weeks early, but there are concerns about the size of the crop, and at the end of last week prices firmed because the market was worried about the dry conditions in Europe. Rapeseed meal remains more cost effective than soyabean meal. Therefore, if you are buying rape on the spot market, then consider booking your summer requirement now to guarantee your supply through to early winter to take advantage of current Sept-Oct prices in the mid £170's.

Cereals

Global wheat and maize grain stocks are pretty healthy and the outlook for production is that it will keep improving. UK wheat exports were high early in the season but since December exports slowed down as the UK became uncompetitive. UK wheat prices are not moving much at the moment but new crop prices could be £15-£20 per tonne lower later in the year according to CRM, so wait if you can for 2017/18 requirements.



For more information, please speak to your consultant.

Tim Davies, Principal Nutritionist,
Kite Consulting LLP



For enquiries regarding the information in this document please contact:
Kite Consulting | The Dairy Lodge | Dunston Business Village | Dunston | Staffordshire | ST18 9AB
Tel: 01902 851007 | Fax: 01902 851058 | Email: enquiries@kiteconsulting.com