

## WHEAT

- **Support for UK feed prices**

Domestic feed wheat prices remain supported particularly in the north of the country as poultry and pig units continue to take cover. Good demand in the first half of the season for feed and industry made a heavy dent in local northern supplies and as a result we're now seeing a consistent trade flow of wheat travelling further from south to north. The south of the country is still holding an exportable surplus that is far from competitive into current export market values. Now looks like a good time to take advantage of supported domestic prices.

- **Elsewhere stocks weigh heavy**

Some European export-driven origins are struggling to sell old crop wheat above the cost of production due to the glut of cheaper stock from their competitors. Russia looks set to top the export charts this year, already half way through a record 35 million tonne campaign. They continue to find demand into the world's biggest importer, Egypt. This week they comfortably won a tender to ship 295,000t to North Africa in February and will continue pricing competitively in order to shift record stocks.

- **Slightly bearish USDA report**

For a fifth consecutive year, world wheat production and ending stocks will reach record levels. This was confirmed by last Friday's USDA report which increased global wheat production to 757 million tonnes. This represents a 2 million tonne increase since last month's report and a 6.6 million tonne increase year on year, with huge crop gains in Russia the main contributor. Ending stocks were increased in the USA to almost 27 million tonnes due to an upturn for imports and reduced demand. In the EU, stocks increased to 12.6 million tonnes due to a smaller export programme which only fuels the bearish downturn in EU farm gate prices.

## BARLEY

- **Old and new crop malting barley comes under pressure**

This week has seen a decline in values of crop 17 and 18 malting varieties but for different reasons. A lack of brewers pricing malt has resulted in a prolonged absence of EU maltsters in the market for old crop and markets tend to drift lower where there is no support. As for crop 18, traders are reading reports of increased areas being devoted to spring barley production both at home (AHDB Early Bird Survey) and in the Baltic states (due to wet weather curtailing autumn sowing). This is forcing export offers lower into limited demand so each cargo trading is happening €1-2 lower than the last.

- **Feed barley markets remain firm**

News of further feed barley tenders for Saudi Arabia and Iran have helped perked up values for EU barley. Values in France have risen on the back of this news. Meanwhile in the north of England spot demand into Cumbria and the North East for the animal feed compounder market (due to the current

poor weather and last year's challenging silage harvest) keeps prices moving steadily up. Long holders of feed barley need to consider selling remaining stocks as and when these tenders come to the market.

## **OILSEED RAPE**

- **EU votes to ban palm oil as biodiesel feedstock**

Oilseed rape values have weakened further this week amid a bleak vegetable oil environment. Palm oil came under pressure as the European Parliament voted to ban palm oil as a feedstock for biodiesel production in the European Union from 2021 onwards. And they have also frozen all biodiesel inclusions to 2017 levels. While this is bearish in the short term it may add support in the longer term to rapeseed and soya oil which will see small increases in demand.

- **Dry weather persists in Argentinean soyabean growing areas**

Weather conditions in Argentina continue to give some cause for concern as dry weather persists in the main soyabean growing areas. Latest estimates indicate a 52.0 million tonne crop in Argentina which would be a four-year low. Globally, world soyabean supplies are expected to increase leaving world stock levels to 92mmt which will allay any fears should Argentina have any production problems.

## **PULSES**

Old crop feed bean prices in East Anglia have firmed up over the past 10 days as exporters look to take on further supplies to cover February sales. Whilst there is some ripple effect in terms of price there is very little demand in other areas in the UK and the continued rise in sterling looks like cooling any further demand.

Human consumption markets still remain very quiet and with sterling versus dollar rates touching \$1.40 we are unlikely to see any interest from buyers in the short term. Longer term we may see some interest coming back to the UK as Baltic supplies dry up and the Australian crop, 40 pct less than last year, starts to rise in value as buyers chase reducing supplies.

## **FERTILISER**

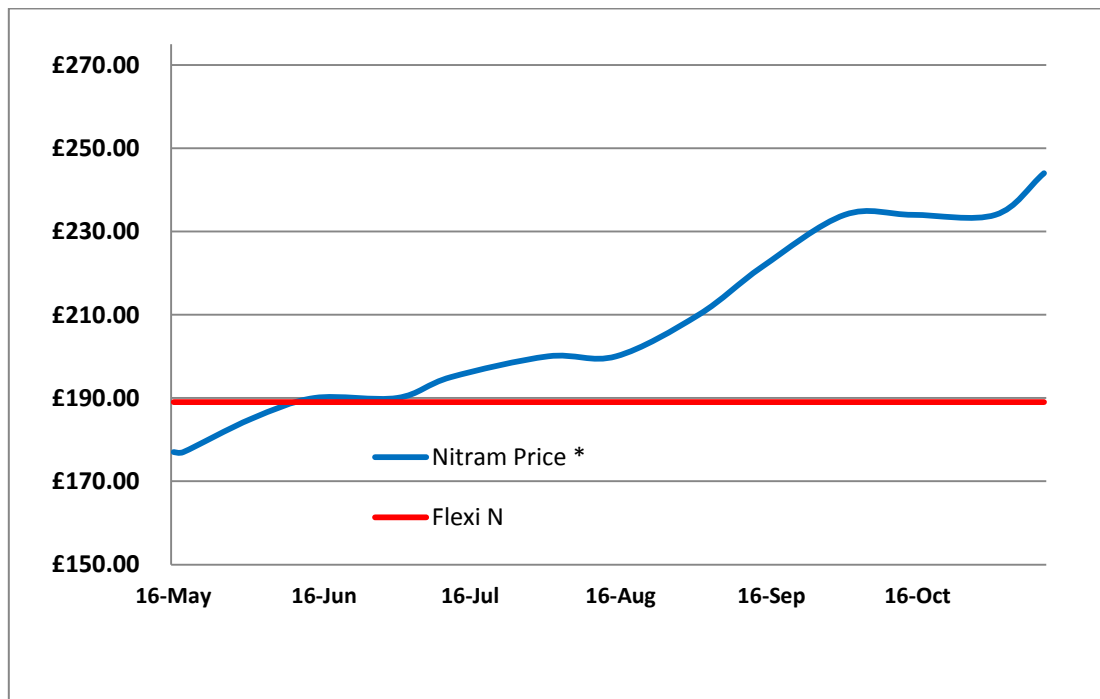
- **Nitrogen**

As we get to the end of January attention is once again focused on CF Fertilisers and what they will do with their nitrogen price. Imported volumes remain limited and whilst this will give further strength to CF's appetite to move prices on a slower than expected start to January prices may remain relatively flat until we get into peak usage period in Feb/March. Current offers remain good value against alternatives and our advice is to get product booked for delivery in next few weeks.

- **Risk management tool**

To help farmers cope with the increased volatility we see in today's fertiliser markets Frontier introduced Flexi N. This is a price risk management tool that enables farmers to commit tonnage which is then delivered half before harvest and half before December with payment in February. The price the farmer pays is based upon the average price for the period from the start of the campaign (June) to December. This year growers who used Flexi N paid just £189/t for Nitram which is a great result bearing in mind how quickly Nitram prices rose from September onwards. Flexi N will be available

again next season with an expanded product range available. Please talk to your Frontier contact for more information.



- **P & K**

Phosphate and potash markets remain quiet and prices stable although blenders are still reporting they have available capacity which is providing opportunities for competitive offers depending on grades and locality. The feeling from the trade is that commitment from grassland farmers is behind a normal year and this may lead to some congestion at blenders during the spring. This is further reason to book early whilst blending capacity and haulage availability is not limited.

**RESERVE A PLACE AT A 3D SEMINAR**

Over the next few weeks there is plenty of opportunity to meet the grain trading and fertiliser teams at a Frontier '3DThinking' event. [Check for your nearest here.](#)