

More news from MMI UK Crop update 10.11.06

This year has seen a paradigm shift in the balance cereals and agricultural products globally. Poor weather in Australia and a lacklustre performance in North America finally tipped the balance of supply and demand resulting in both actual and perceived shortfalls in essential raw materials. (See Table 1.)

of supply for not only malting barley but also weather in Europe, coupled with El Nino inspired in North America finally tipped the balance of eived shortfalls in essential raw materials. (See

WORLD ESTIMATES OF THE INTERNATIONAL GRAINS COUNCIL OF OCTOBER 26								
(In Mill. Tonnes)								
	Total Grains		Wheat		Maize		Barley	
	2005/06	2006/07	2005/06	2006/07	2005/06	2006/07	2005/06	2006/07
Production	1599	1557	618	585	693	690	139.6	139.8
Consumption	1614	1621	621	606	699	722	143.0	148.0
Exports/Imports	213	214	108	110	79	81	17.6	15.5
Ending Stocks	307	243	135	114	125	94	27.9	19.6

Table 1

The development of this market has been fascinating becoming clear, and this is easy to say in hindsight pressure on prices for malting barley was unsustainable declining rapidly and the thought of the panacea of oil seeds was proving too tempting.

. As the season of 2005/6 progressed it was t, that a change was imminent. Downward able. Farmer's interest in growing the crop was bio-fuel production from mass-produced wheat or

The DEFRA June census indicated a winter barley are a reduction of 0.6% but a massive 10% reduction in the areas sown to spring barley. (See Table 2).

DEFRA JUNE CENSUS (thousand hectares)				
	June 2004	June 2005	June 2006	% change 2006/2005
Wheat	1,990	1,867	1,822	-2.4
Barley				
- Winter	420	384	382	-0.6
- Spring	587	553	498	-10.0
- Total	1,007	938	880	-6.2
Oats	108	90	120	+33.1
Rye, mixed corn and tricale	25	24	25	+5.1
Total cereals	3,130	2,919	2,847	-2.5

Table 2

Most winter barleys were combined in good dry conditions, as were the earliest spring barleys. These too was good, bold and lowish nitrogen. But then the rain started and seemingly never stopped. Certain areas were pretty good, including southern England and large parts of East Anglia. Lincolnshire and Yorkshire were much more variable – almost certainly due to the effects of drilling date variation – and northern Scotland a potential disaster area. But the crop looked big enough to meet the demand when viewed with the excellent winter barley. Variety wise, Cocktail started well but later areas showed some weather damage. Optic appeared sound throughout although of course this variety is now sliding into obscurity. (See Table 3).

HGC CEREAL QUALITY SURVEY 2006 BARLEY ANALYSIS BY VARIETY		
Variety	Nitrogen Content	Screening Values % retained 2.5mm
<i>Winter</i>		
Flagon	1.69	87.8
Pearl	1.78	89.8
<i>Spring</i>		
Cocktail	1.76	80.6
Optic	1.74	87.5
Tipple	1.70	84.8

Table 3

It was about 10 days into August when we began to hear of difficulties with the German spring barley crop – maybe 60% could be pre-germinated, and very poor results from Poland and The Czech Republic. Denmark? Didn't look good, neither did south Sweden. (See Table 4) This table shows a massive shortfall of 1.4 Million tonnes of traditional quality malting barley. By accepting lower quality this can be brought to balance, but exports out of Europe will further worsen the situation.

EUMALTINGBARLEYSUPPLYANDDEMAND					
Estimate2006/07, '000tonnes					
Country	Malting Barley Demand	Winter Malting Barley	Spring Malting Barley(1)	Spring Malting Barley(2)	Balance
Austria	185	-	150	20	-15
Belgium	875	-	25	-	-850
Czech Republic	500	-	200	100	-200
Denmark	325	-	675	200	+550
Finland	185	-	150	50	+15
France	1500	1300	1650	200	+1650
Germany	2060	100	1000	400	-560
Greece	55	-	5	-	-50
Hungary	100	-	60	40	-
Ireland	150	-	150	-	-
Italy	75	-	40	-	-35
Lithuania	65	-	15	-	-50
Netherlands	400	-	100	50	-250
Poland	275	-	50	50	-175
Portugal	95	-	-	-	-95
Slovakia	250	-	250	75	+75
Spain	540	-	470	-	-70
Sweden	190	-	150	40	-
UK	1690	500	1050	200	+60
TOTAL	9515	1900	6190	1425	-
(1)“Normal”Specification(2)“Lower”Specifica tion					

Table4

This concern soon started to manifest itself in rises in the FOB markets, including the UK. Nominal prices of E140/tonne FOB (£94.00) rose steadily and by the end of the month E155/tonne (£104) was widely talked about. This, mark you, was for full specification shipping barley – 11.5% protein, 90% retained on a 2.5 screen and minimum 93% germinative energy – but it didn't stop the entire internal UK market moving upwards from a reasonable £88/delivered, quickly through £100/tonne for the best Optics and currently reaching £140/tonne for January to March 2007 delivery.

Many European buyers had identified the UK as a prime source of malting barley with particular interest in shipments from the South Coast of England and from Scotland. As I write it is estimated that 225,000 tonnes of malting barley have already been sold for export, a figure, which already amounts to the total exportable surplus of barley a sawhole!

Alan Ridealgh 10/11/06

For further information please contact:

Muntons plc, Cedars Maltings, Stowmarket, Suffolk IP14 2AG
 Telephone: 01449 618300 Fax: 01449 677800 Email: sales@muntons.com

www.muntons.com

