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## Currency update

In the UK, Parliament is on holiday, Brexit uncertainties and lack of direction grow, and to some extent this is reflected in EU members if not in Brussels. A hard Brexit will be bad for business in EU too. The pound has nowhere to go whilst these uncertainties remain. The Euro is guided to some extent by an expected fall in GDP, and the Brexit shadow. The US Dollar seems to benefit from the imposition of trade tariffs and a likely increase in the Fed rate this week of 0.25%, GDP might only be 4.2%, unemployment at record lows, but this is driven by increased public borrowing and thus building a problem for the future. But for now, the dollar looks strong.

### FX Monthly movement

- US\$/ £ 1.31 unchanged
- US\$/ € 1.16 unchanged
- £/€ 1.13 unchanged

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## General news

Weather dominates Northern hemisphere crops this month. Almost everywhere is suffering unusual weather patterns, and harvests are taking the impact of this. We will know the full effects soon. In the UK it has been almost the worst possible. A late wet Spring delayed sowing, a baking hot summer and drought delayed/stunted development, and a wetter harvest period causes complications. Similar patterns have been experienced elsewhere. Is this the norm as global warming takes a hold?

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### Pumpkinseed kernels:

Harvesting will commence next month, and after our crop survey we will advise our thoughts. Prices have moved up in past weeks. Stock holders are reserving material in anticipation of higher pricing for the new harvest. We see a potential shortage in GWS varieties since we know planting has decreased significantly, similarly for snow white. However, shine skin seems similar to previous years. The market firmness has been masked to some extent by the RMB/USD relationship which has compensated for the increase. A correction here will see the full price movement reflected to the export market.

### Linseed:

We have heard that the planted area in Kazakhstan & Russia has increased significantly over previous years. However, they suffered a late cold and wet Spring which delayed planting. The worry here is that if winter arrives early they will fail to harvest. Now high temperatures are reportedly damaging the crop. But information is scarce, so we are all having to play a little bit of a waiting game. But it is unlikely prices will decline significantly in our opinion.

### Sesame seed:

The recent market correction caught most people unawares. It was caused by the demand from China suddenly picking up as their warehouses emptied of stock, this happened just at the end of the season when stocks in India were particularly low, and deliveries to the local markets down to a few bags daily. This sudden demand on an empty market jumped prices by 10-15%. This trend is likely to continue until new crop which should harvest in September. India has had reasonably good monsoons this year, to assist planting. But the current situation creates a vacuum in the market, with limited material being shipped as buyers await traditional lower new crop prices. This year, this might not happen. There is next to no carry over, and with nothing to ship, everyone will be chasing new crop supplies. Anyone with expensive 'spot' stock will be reluctant to sell it at a loss too, further compounding the situation. Sesame might be very interesting this year!

Central America is also more or less sold out until new harvests in December. It will follow the global trend unless local issues/demand force it to increase further.

### Hulled millet:

Harvesting should start in Ukraine this week, but they have, like Kazakhstan, suffered a bad weather cycle so the harvest is going to be smaller than originally expected. Demand is thought to be high too, since there has been limited availability this season, so processors are desperate for stock. We cannot see prices declining this harvest.

### Sunflower:

As far as we know, once again stocks are exhausted in Bulgaria, and supplies tight. Harvesting is expected first week of September. Competitive pressure is keeping prices low for hulled kernels, but oil demand is strong. The EU generally will produce less sunflower this season, although Argentina is expected to compensate global supplies somewhat. What happens between China & USA in a trade war if any and the impact on China's demand for soya bean replacements will impact the whole vegetable oilseed complex.

### Poppy seed:

We are concerned about availability of sufficient seed to meet demand this season. A combination of adverse weather, reduced planting due to declining demand for alkaloids, increasing technical regulations in certain areas for herbicide levels or alkaloid levels, make for a very complex supply situation with wide price variations between seed origins and types. Transparency in the supply chain is important in this scenario, and goods should come with clear documentation and analysis to confirm it meets requirements.

### Chia:

A quiet period, with offers available, be it at high levels from Argentina through to Bolivia, Paraguay and Peru. The usual word of caution regarding buying the correct quality to meet EU regulations.

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