

Currency update

The pound is in deep shadow due to the lack of progress on Brexit, and the increasing likelihood of a hard Brexit. Meanwhile the US dollar appreciates due to a further potential escalation in the trade wars with China, and the suggestion that the USA may withdraw from the WTO and Canada does not need to be in the NAFTA. With a potential leadership challenge possible, and certainly strong criticism due at the Conservative party conference at the end of this month, there is potential for Sterling to weaken further.

FX Monthly movement

- US\$/ £ 1.29 down
- US\$/ € 1.16 unchanged
- £/€ 1.11 down



We are exhibiting at IBA 2018: Meet with us at stand A4.57

To arrange a meeting please email: info@unicorningredients.com

General news

Generally, prices are at higher levels now that harvests are being collected. Yields are down, quality is poorer and availability tight. We do not see much potential downwards, and with the strong US dollar, a double impact can be expected. Of course, a stronger dollar does assist exporters so there will be some off set in raw material prices on export, but this will be less than the importation impact.

Pumpkinseed kernels:

As previously reported, we expect a significant reduction in new crop GWS, with a similar amount of shine skin being produced to last season. Our Chinese colleagues are conducting a field survey as we write, and we will report this shortly. But with prices weak, and sales slowed from China due to the low prices. Our best guess is a stable market in shine skin, with GWS increasing a little.

Linseed:

Very little material offered on the market at present due to poor harvest. Prices moving up. Will the harvest be collected before the weather breaks? We hope so otherwise the market could jump significantly.

Sesame seed:

So far in India, growing conditions have been good for sesame, and we estimate over 1M hectares planted of whitish sesame. Consequently, it seems the quality of the 2018 harvest will be good, and a crop of around 280,000mt possible. This is not huge in terms of previous years. Whereas last harvest exports alone are estimated to have reached 350,000mt. Currently Africa is trading at a similar level to India, denying any chance for India to import. So, a lot is going to depend on the quantity Africa harvests late November, but this is still three months away, and with China/Korea, low on stocks and regularly buying, it is hard to see weakness in the market place, although it may not be particularly firm either.

In Central America, planting is underway, and due to the current price level, and demand from Japan we are expecting area to be larger than previous years. In addition, certain regions with increased political instability, we are seeing farmers return to traditional conventional crops for security of income reasons.

Hulled millet:

Poor harvests in Russia, Poland & Ukraine have pushed prices up 20-30%. Availability is tight, and it seems market can only really increase further this season. The actual area harvested is 50% of the planted area due to the extreme heat destroying half the crop in Ukraine alone.

Sunflower:

Harvesting in Bulgaria etc. is underway and prices have remained stable. Overall production is forecast for 2019 to increase which is keeping the oil market low currently, and consequently kernels under pressure. Of course, whilst a global commodity the specific battle in Bulgaria between hullers and oil crushers will potentially skew the scenario. But for now, competition is keeping things attractive for buyers.

Poppy seed:

Availability is extremely tight, and available stocks limited. Every crop has been impacted by weather and prices are up. Even the Czech crop is reported to be only 15,000mt. Normally we would expect 25,000mt plus. Expect a bumpy ride this season, with extremely tight availability.

Chia:

Price for EU compliant Chia are increasing as availability with genuine certification is difficult to find. In recent days Bolivia has stopped selling and the poor Peruvian harvest due to the weak prices is pushing up the market. The glyphosate issue is the key factor however, and the two-tier market is truly established. Cheap offers mean potential MRL issues, and certificates do not guarantee compliance. Due to the challenges in harvesting Chia, glyphosate is often used as a desiccant hence the problem. Currently the USA, to our knowledge, the other major market, has no restrictions whilst the EU has set default MRL levels of. Take care!

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