
Currency update:

The pound has fared well over the last month, due to stronger signals regarding interest rate hikes, and positive data on employment etc. But going forward it will continue to respond to progress in the Brexit negotiations and inflation rate figures. Sterling is well above its 2017 average against the US Dollar, but interest rate hikes in the USA could bring it back closer to the average. However, will the US economy slow its growth for a while as the damage wrecked by the two hurricanes takes precedence. The Euro seems to depend on the Central banks approach to QE in 2018. The announcement was delayed until October, so a quick end to QE will see the Euro strengthen whilst a drawn-out conclusion will potentially weaken the Euro again.

FX Monthly movement

- US\$/ £ 1.33 from 1.30
- US\$/ €1.17 unchanged
- £/€ 1.13 from 1.09

General news

October commences with the Chinese autumn holiday followed by Anuga straight after. This will to some extent dampen market movements, as people travel and meet to discuss the harvests. Generally, there is however a firmness surrounding most products, as harvests are generally coming in smaller, or predicted the same. The strong Euro has sheltered EU buyers from these adjustments, as has recent gains in Sterling, but should the currencies correct, then it will have a double impact on prices in local currency.

Pumpkinseed kernels:

With trade more or less ceased for two weeks, prices are drifting and there are odd parcels that can be picked up, a little cheaper. We are concerned about the pesticide levels for the coming season, and have ourselves had to recently reject several batches due to them being outside EU regulations. Buyers having got used to lower prices this season are holding off covering their requirement hoping the market will fall further, but this is adding to the nervousness, since when demand starts it could push prices high quite fast. There is a lot of change in the supply chain this season, different regions are becoming the primary areas, and many of the processors are building/upgrading their facilities. We can anticipate a physical shortage of product in the EU market around December because of these factors. The fundamental fact however is the entire crop is reduced from last season, when the majority of processors lost money as well. So all are going to be more cautious this year.

Linseed:

Prices have held fairly stable this last month. We are not anticipating anything too exciting going forward .

Sesame seed:

Prices have eased back a little in the last days mainly due to the impact the Indian government tax & financial changes have had. These hinder the ability of local traders to buy and hold stocks, due to a lack of funds and restricted cash transactions. As a consequence, farmers have a less dynamic market to sell to, since only the processors can buy from the market yards now. This compounded with the strong US dollar, which has appreciated 5% against the rupee, has weakened the export price. But the fact remains, the crop is likely to be no more than 300,000mt, which is very small.

In Central America, planting is complete and in some small climatic regions, the early low volume crops are being harvested. The market is quiet from this region at present, but we are fully expecting less availability and high prices.

Hulled millet:

Prices have jumped up due to the poor harvest, and we are waiting to see at what level they will stabilize.

Sunflower:

Harvest is fully underway now in Eastern Europe and much of the crop is gathered in. Processors are requiring lots of raw material having sold forward large volumes and to some extent delayed shipments, so there is a tightness in supply. The dehullers are having to compete with crushers for the seed, which is creating a little firmness in the raw material supply. Whether this will filter through to finished product prices is yet to be seen, since the competition between hullers is fierce.

Poppy seed:

It is difficult to source poppy at present from any origin. The Czech farmers reluctantly offer the odd load of low morphine material, Other origins are fully committed and not selling. The predictions for next year are uncertain as the growers of pharmaceutical poppy are largely overstocked with their raw material and decreasing their requirement, hence seed volumes are also likely to be down. The market has moved up significantly already, and there is definite potential for further serious price increases over the coming months

Chia:

Obtaining material to conform to EU regulations on pesticides and herbicides is becoming quite challenging. When one adds the requirement for a properly certified cleaning facility the options shrink further. Since most of these levels are set at the minimum detectable without input from the trade, it will continue to be a problem for some time. Inevitably it is going to create a two-tier market, between chia that meets the standards and importers who do not monitor and buy the alternative material which is supplied normally to the USA and elsewhere, since there is no analysis done by authorities on importation.

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