

## Currency update

Currently, US trade negotiations, whether it is the imposition of tariffs on seeds from China or a re-writing of the Mexican-USA-Canadian trade agreement, impact on global currency markets. If this was not enough, the continued impasse in Brexit negotiations, and political and financial instability in Italy, keep the markets uncertain of direction. If Italy becomes the new Greece requiring EU bailout, we could see significant weakening of the Euro. We believe they will go to all lengths to avoid this. So, the conclusion – no one really knows what is in store, it is all speculation fuelled by media unaccountable opinion.

### FX Monthly movement

- US\$/ £ 1.30 up
- US\$/ € 1.16 unchanged
- £/€ 1.12 up



**SIAL 2018: Whilst not exhibiting we are attending,  
please contact us prior to the event to make an appointment.**

To arrange a meeting please email: [info@unicorningredients.com](mailto:info@unicorningredients.com)

## General news

The IBA show was busy for us meeting old and new customers. It was a pleasure meeting everyone. Meanwhile markets have taken the course we have been warning of for some time and more or less all increased in price. Some of the movement has been tempered by changes in US dollar rates of exchange. So, for instance in India the rupee has weakened against the dollar, keeping export prices lower than they could have been. But seeds are firm and 2019 shows no real indication of future weakness.

The issue surrounding allergens remain of concern. How to manage potential cross contamination at farm level within the food chain, of isolated incidents that get through despite everyone's efforts are the problem. It is impossible to guarantee that every farmers store, haulier's lorry etc. does not carry the risk of introducing a contaminant that might be a single grain of an allergen.

Organics are also concerning us this season. With a significant reliance on China as a source, we are seeing challenges in the supply chain due to a change in the certifying bodies causing some suppliers to drop out of the business. Of course, the apparent cross contamination with pesticides through field drift is also a problem this season. Expect higher prices and supply challenges.

### Pumpkinseed kernels:

We are conducting a comprehensive crop survey now as harvesting continues. This has run into Chinese Autumn holiday that impacts on communication channels until mid-October. The harvest seems reasonable however, and whilst GWS crop is quite small, the shine skin supply should be good. It will be about supplier selection this season, not price, since quality and lack of contamination/pesticides as seen in the 2017 harvest should be everyone's concern and these goods will command a premium.

### Linseed:

Steady, almost sluggish demand at present, prices slightly increasing in the forward positions due to the anticipation of poor yields. These are anticipated to be 30% down on last year. Linseed is one of the last crops harvested, so can also sometimes get caught when the weather closes in for winter. We are seeing a wide variation in prices from different regions too. Really no reason not to cover forward.

### Sesame seed:

Things continue pretty much as before, the crop is small most feel, but of reasonable quality. There has been some rain damage in UP/MP to the crop. But whilst this impacts on the quality of natural seed, it makes little difference to the hulled quality. As before some of the cheap blending sources are in decline, so this reduces the options for blending. So, supplies are exhausted, buyers short covered, and the crop late and shipments deferred due to Diwali. Seems like a firm spot market is potentially developing. There is a wide range in prices being quoted at present, but all is speculation, and cheap prices will be compensated for by blending to meet the price once the harvest comes in. So, to maintain quality, rely on your trusted sources.

In Central America, the planting is complete, and the crop looks similar in Guatemala to last year and thus quite small and increased in Nicaragua due to the political instability in the country. As reported earlier the political situation in Venezuela caused no sesame to be harvested. Mexico has an average crop and will top up with Indian seed as usual.

### Hulled millet:

Availability from anywhere is a problem. The harvest was devastating on yields, and it looks critical from Eastern European sources.

### Sunflower:

So what happens in Bulgaria? Well the usual over competitiveness of producers keeps prices under pressure, whilst the underlying trend is for vegetable oil prices to be increasing, which increases the price of the raw material the hullers are competing for and should thus firm the price of kernels. But the quality of the seed is better for hullers this season, meaning they grade less out for resale helping their yield. Throughout the EU production is up too, as it is globally for sunflower kernels. Generally, it seems sunflower oil is undervalued compared to rapeseed and soya bean, so if this corrects we will see kernels move up. There is no reason why it shouldn't correct, but until this happens prices will remain under pressure.

### Poppy seed:

Where does one buy poppy? This is going to be a real challenge for the coming season, and potentially longer. Buyers will have to be flexible on their supply sources, and open new avenues. It is going to be very difficult to secure enough volume for the likely demand. The perfect storm of reducing production, and disastrous harvests have created a vacuum pushing prices to extreme highs, with likely further increases possible. Don't wait cover!

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