Baynes Nutrition
wellbeing for your livestock

Market Report 3rd December 2021

Cereals

The new Omicron variant of Covid caused the markets to fall back at the end of November, but this subsequently reversed quite quickly – however prices are down from last week. The potential impact of the new variant gave fears for a slowdown on the global economy. It has however, now once again convinced traders to buy into commodities that people actually need, rather than pensions and equities. As the effects of this new strain become clearer, we can expect to see more knee-jerk reactions from the traders.

The AHDB report on the Early Bird Survey for planting intentions in the UK for harvest in 2022. This would then give an indication of the potential for supply in the 22/23 season. Winter crops have all increased. The wheat area is up 1.3% to 1.811Kha and winter barley is increased 2.8% to 415Kha. Given the favourable conditions in the Autumn, this really doesn't come as a major surprise and sees this area greater than the 10 year average. Planted area for spring sown crops have all been reduced, leaving the total accountable (planted and fallow) area unchanged at 4824Kha.

The Australian wheat harvest is forecast to be a record 34.4Mt although concerns about the quality remain owing to the recent wet weather. This has eased global supply concerns a little though, and there is reason to suspect that the harvested tonnage may actually increase on this revised estimate.

The crop rating of the US winter wheat has remained at 44% in the good to excellent category, despite expectations of a small decline.

Where support is being seen for EU wheat is down to strong exports, as it outcompetes Russian prices. The EU Commission is expecting a season total export of 32.8Mt, which is 4.6Mt higher than last season, but some way behind the 36.8Mt of 19/20. Although this is good for the traders, it may further exacerbate the tight supply and demand situation. Russia is actively dissuading trade by increasing export taxes, which increase from $78.30/tonne to $80.80 from the 1st of December. This has caused the export pace from Russia to be 26% slower than in 20/21. With increased EU sales activity, the prices of UK wheat is supported.

Argentine wheat is 45% harvested and the total crop expectations are unchanged at 20.3Mt. Their planting intentions for Maize could reach 7.3Mha according to the Buenos Aires Grain Exchange. However, as we know, the influence of La Nina could interrupt the potential yields. The La Nina is expected to last until the end of February and a keen eye will be kept on the soil conditions through the dryness expected through their summer months.

Prospects for Brazilian maize production are looking good, with estimates increased to around >120Mt. The key second 'safrinha' crop is now thought to reach 89Mt. The first maize crop is 93% planted but is experiencing the effects of dryness, particularly in the state of Rio Grande do Sul, where in some regions of the northwest of the state they hadn't seen rain for 40 days until last weekend where some relief was forthcoming.

Maize production in the Ukraine has fared well. With 87% gathered, it is possible that we may see a final crop of 41Mt.

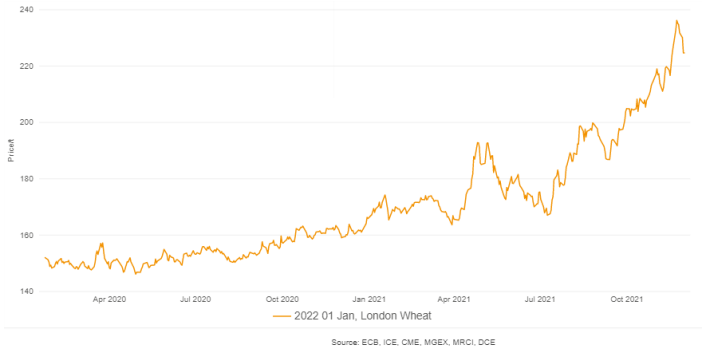
The December WASDE is to be published on the 9th and should see some swings in Supply and Demand which the markets will react to. Hopefully, with Australian and South American prospects, the revision in the report could help ease concerns and prices accordingly.

Latest reported average UK ex farm prices for December wheat are down at £217.25/tonne and barley £204.44/tonne. Maize is around £255/tonne ex dock.

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UFAS Universal Feed Assurance Scheme
AHDB PORK

London Wheat (Jan 2022)



Proteins

Oilseed rape planting in the UK has seen a significant increase in planed area – albeit from a low base. At 345Kha, this represents a 12.9% increase on last season's planted area.

Along with the record wheat crop, Australia is also pegged for a record Canola harvest.

Some technical buying in the CBOT has supported soya price this week. Further support comes from strong Chinese purchases, as they increase their crushing volumes and look to bolster their low current stock levels. The supply is mainly from Brazil, where 3 cargoes are expected to be delivered during December.

Prospects for the record Brazilian soya crop continue well, with StoneX increasing their estimate by 37Kt to 145.1Mt. The country is thought to be 91% complete against their planting intentions. This is ahead of the 87% of last year and 86% on the five-year average. The southern states of Brazil are being affected by the La Nina and remain dry, but the key central states are wet.

The number one state of Mato Grosso has some of the earlier planted soybeans flowering and starting to set pods. With harvest starting at the end of December, it is thought that the state will have the largest crop on record.

The Argentine soya crop had some welcome rainfall recently which should give a significant boost to the soil moisture and favour the early growth of soybeans and maize. They are currently>39.3% planted, which is behind the 41.4% on average. There is more rainfall forecast for the key production areas, which is good news especially going into the drier months.

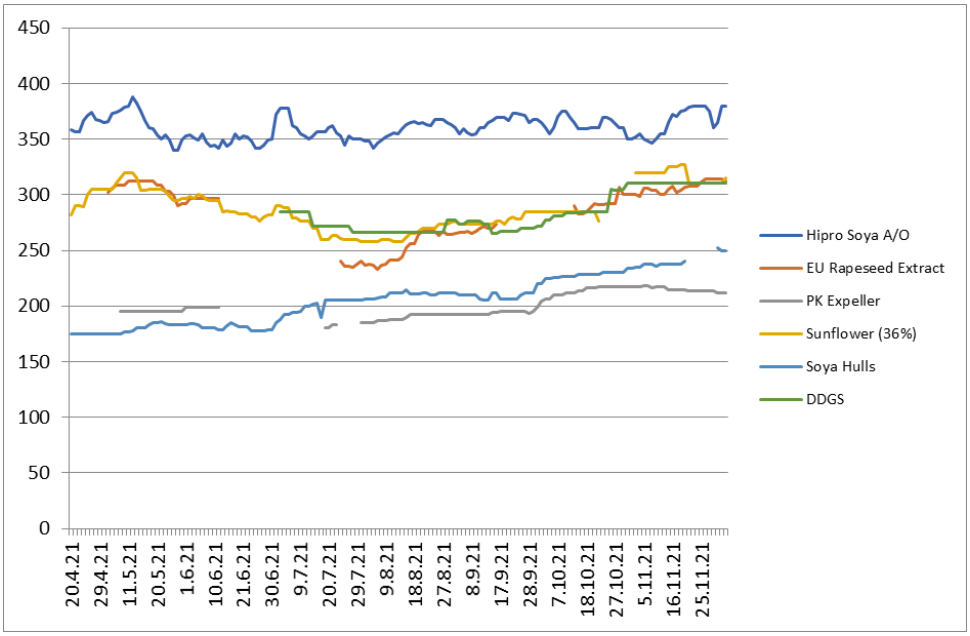
There had been a round of profit taking and liquidation in the soya market in harmony with cereals and the concerns over the Omicron variant.

UK peas and beans have increased to £234 and £242/tonne respectively.

Brent Crude is currently trading down at $71.32/barrel. Despite this, we see no reductions at the forecourt pumps as the garages continue with the "rocket and feather" strategy on pricing.

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Protein Prices



Brent Crude $/Barrel

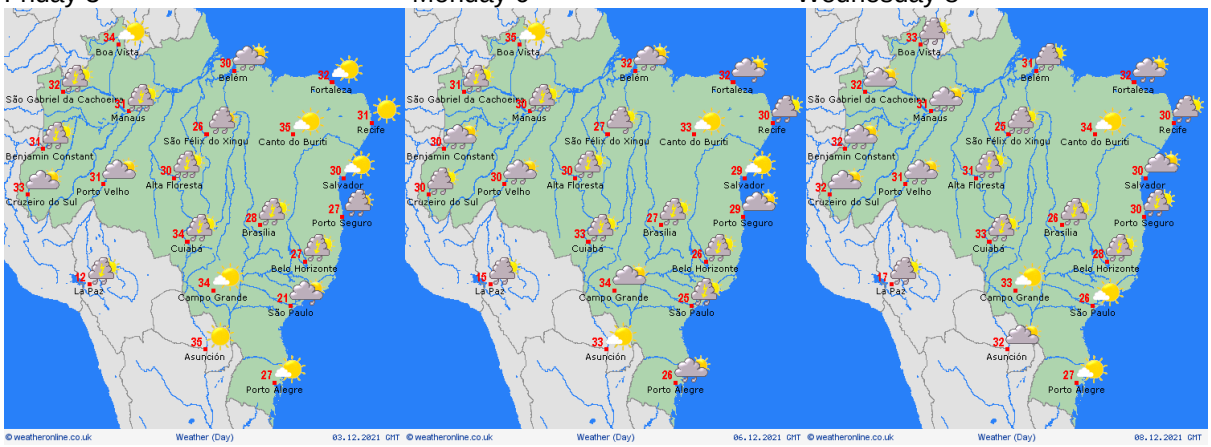


Taken from Hargreaves Lansdown

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Brazilian Weather

Friday 3rd | Monday 6th | Wednesday 8th



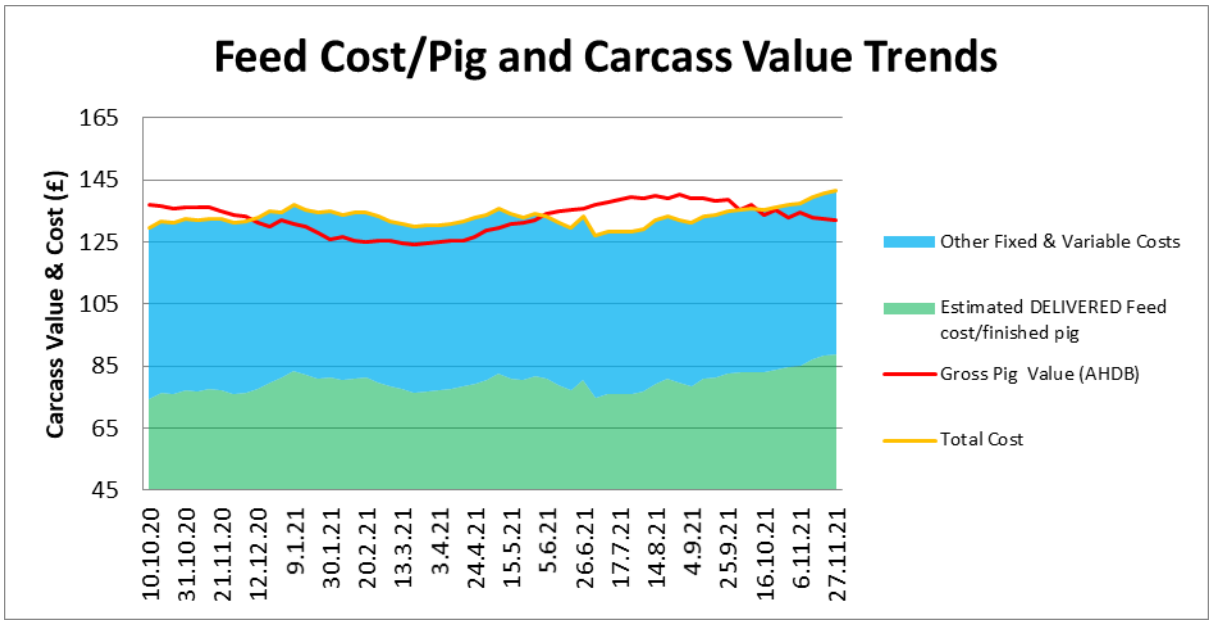
Decent weather for the key growing regions.

http://www.weatheronline.co.uk/

WASDE for the 21/22 Season

Projected	Nov-21				
	Wheat	**Maize**	**Soya**	**Coarse Grain**	**Soya Meal**
Production (Million Tonnes)	775.28	1204.62	384.01	1499.01	258.52
Difference from previous month	**-0.59**	**6.40**	**-1.13**	**5.05**	**0.39**
Demand (Million Tonnes)	787.42	1192.07	378.03	1490.56	252.98
Difference from previous month	**0.37**	**5.61**	**0.76**	**4.55**	**-0.39**
End Stocks (Million Tonnes)	275.80	304.42	103.78	329.74	13.09
Difference from previous month	-1.38	2.68	-0.79	2.23	0.65
Stocks:Use (%)	35.03	25.54	27.45	22.12	5.17
Difference from previous month	-0.19	0.11	-0.26	0.08	0.26

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The carcass value data is based on most recent SPP and carcass weight information. The *estimated* feed costs are based on Baynes Nutrition Ltd calculations. The ***January 2021*** DELIVERED costing is RM costing + £35/tonne for anticipated manufacture & delivery charges – which can be seen influencing the graph.

'Other fixed and variable costs' are taken from the estimated Q1 21 figures on the AHDB Pork website under the section 'Cost of Production and Net Margins'.

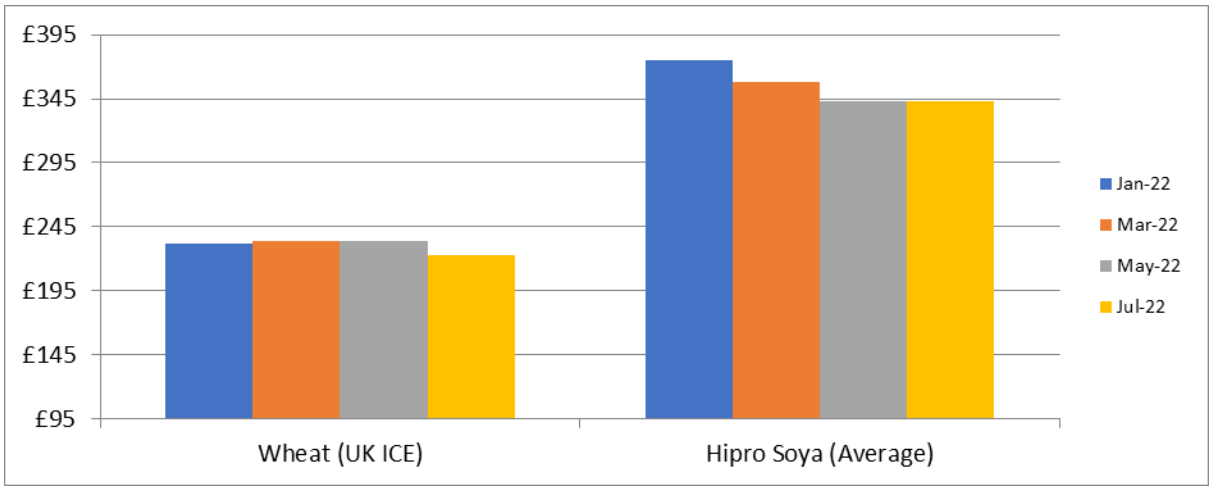
The combination of values used to calculate the "total cost" will vary between farms, raw material suppliers, feed manufacturers and/or processors. Therefore, the presentation of a "total cost" in the graph above is given as guidance only, to be compared and contrasted with individuals own costings.

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Current Commodity Prices – **Note Change in Trading Months**

	Jan-22	Mar-22	May-22	Jul-22
Wheat (UK ICE)	£231.50	£233.95	£234.00	£222.40
Change from Previous Week	-£3.10	-£2.90	-£3.50	-£5.10
Hipro Soya (Average)	£375.00	£358.00	£343.00	£343.00
Change from Previous Week	£0.00	-£1.00	£0.00	£0.00

Graphical



Impact on Standardised Finished Feed RM Price, based on the current futures market. **Note Change in Trading Months**

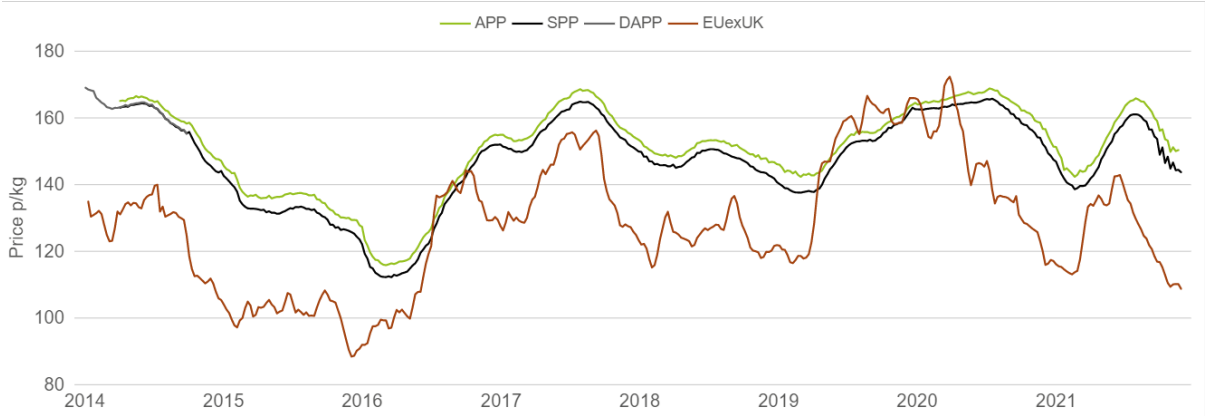
	Based on Current Futures Market		
	Jan-22	**Mar-22**	**May-22**
Weaner (15-30kg)	£347	£344	£340
Grower (30-60kg)	£292	£289	£286
Finisher (60kg +)	£277	£275	£272
Dry Sow	£247	£248	£247
Lactating Sow	£319	£319	£317

The information provided in this section is based on a series of fixed formulations. The aim of using a fixed formulation is an aid for comparison that arises due to raw material movements only. The costs shown in previous and the current report(s) is for the raw materials in the fixed formulation only and may bear no relation to other pig diet formulations that may be used by farmers. To these sole raw material costs needs to be added a range of other costs, fixed and variable, to arrive at a purchased price: these are beyond the scope of this report. An expected on-cost is likely to be in the region of £25-£30 for manufacture and haulage elements. Least cost formulation with less common commodities may help bring the cost down.

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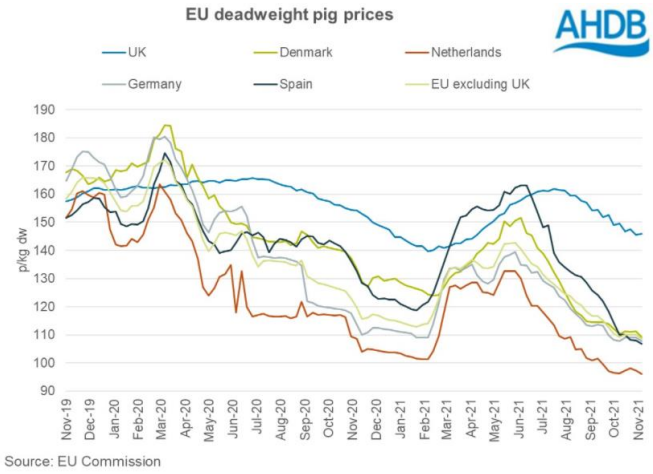
Pig Prices

SPP on 27th November was down 0.74p/kg to 143.56p/kg on prices issued by AHDB Pork, with average weights up slightly at 91.94kg, with the % Probe steady at 12.73%.



EU reference prices

EU prices ease again.



Source: EU Commission

Weekly grade E pig reference prices (p/kg dw)								
Week ending	UK	Denmark	Germany	Spain	France	Netherlands	Poland	EU excluding UK
21/11/2021	146.04	109.27	107.76	106.85	112.35	96.01	99.55	108.62
14/11/2021	145.60	111.16	109.09	107.99	113.71	97.40	101.52	110.02
07/11/2021	147.59	111.06	108.95	108.29	113.86	98.15	100.99	110.04
31/10/2021	146.71	111.31	109.09	109.94	112.92	97.40	99.43	109.94
24/10/2021	149.66	110.22	107.80	110.11	113.06	96.24	99.26	109.22
17/10/2021	148.91	na	108.14	114.19	115.17	96.47	99.79	110.39

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Pigs – SPP **down** 0.74p to 143.56p/kg as of 27th November
Wheat – January ICE futures slightly down at £231.50/tonne
Soya – January price is static at ≈>£375/tonne ex dock.

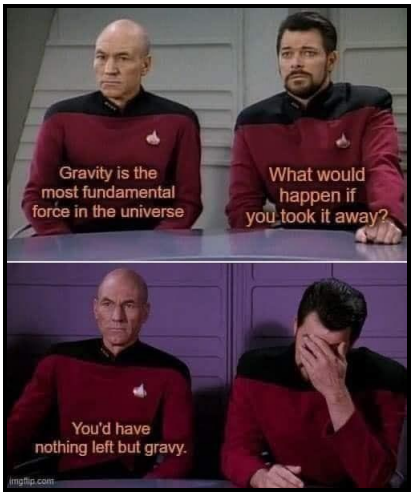
Currency

Steady against the Dollar and one cent down against the Euro from last week.

$1.33 for £1
€1.17 for £1

- For your water acidification requirements, please contact me for **Evacide S**. Available in 25, 200 and 1000 litre IBC's. Standard dose rate is 2litres per 1000litres of drinking water.
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- For Starters, Premixes and Concentrates…. Just ask!
- **Ever considered the benefits of a cooperative? Give Fram Farmers a call to discuss on 01728 727700**

Oh dear….



With best regards

Phil Baynes BSc PhD FRSB

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*Please note that for a more detailed round up of this week in pigs, subscribe to **"Weekly Tribune"**.*
Contact Graeme Kirk at Pig World - graeme@lewisbusinessmedia.co.uk

Information is gathered from the following sources:
USDA
BPEX
CEFETRA
FT Online
AHDB Cereals and Pork
NPA
Pig World
TVC Ltd.
http://www.weatheronline.co.uk/
Farmers Weekly Interactive
UkrAgroConsult
Soybean & Corn Advisor
Bloomberg.com
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