



CHELMER FOODS NEWSLETTER

HIGHLIGHTS

06.01.2023

The impact of the coronavirus pandemic and quarantines is still being felt globally off the back of last year and new emerging cases increasing regionally. Substantial declines in income, increase in unemployment, and distractions in the transportation, amenities, and industrial sectors are amongst some of the side effects felt by the pandemic.

As a result, we have now entered a global state of inflation, impacting supply chains and promoting a cost-of-living crisis in the UK. In addition, we saw the war on Ukrainian initiated by Russia, in turn creating difficulties for Governments to maintain adequate energy supplies.

Nonetheless, we look to 2023 where markets seem to have grappled with the current circumstances and markets have settled for the most part, for now.





Flaxseed

06.01.2023

Going into the new year not much has changed in the European market. The war continues and despite the sanctions, it should be noted that Russian flaxseed exports reached record levels in the 2021/22 season due to the good crop in Russia. For the 2022/23 season, it is unlikely that exports of flaxseed from Russia will reach such figures despite increased production. Sanctions related to ship and cargo insurance, a ban on Russian transporters and wagons entering the EU, and difficulties in payment processing (sanctions against Russian banks) will not allow deliveries into the EU market. The missing quantities of flaxseed in the 2022/23 season could be supplied from Kazakhstan and Canada. Despite limited price movements, increasing production costs, effects of a global pandemic, war, and climate change will play critical factors into this year's season and likely seasons to come. The geopolitical situation in the world will continue to have a significant impact on energy and food markets next year. The sowing campaign in the main flaxseed producing countries will start in May. By then, the main trends in the flaxseed market will be clear. Given the continued demand, low prices and large stocks, a 10-15% reduction in acreage in the main producing countries is likely.

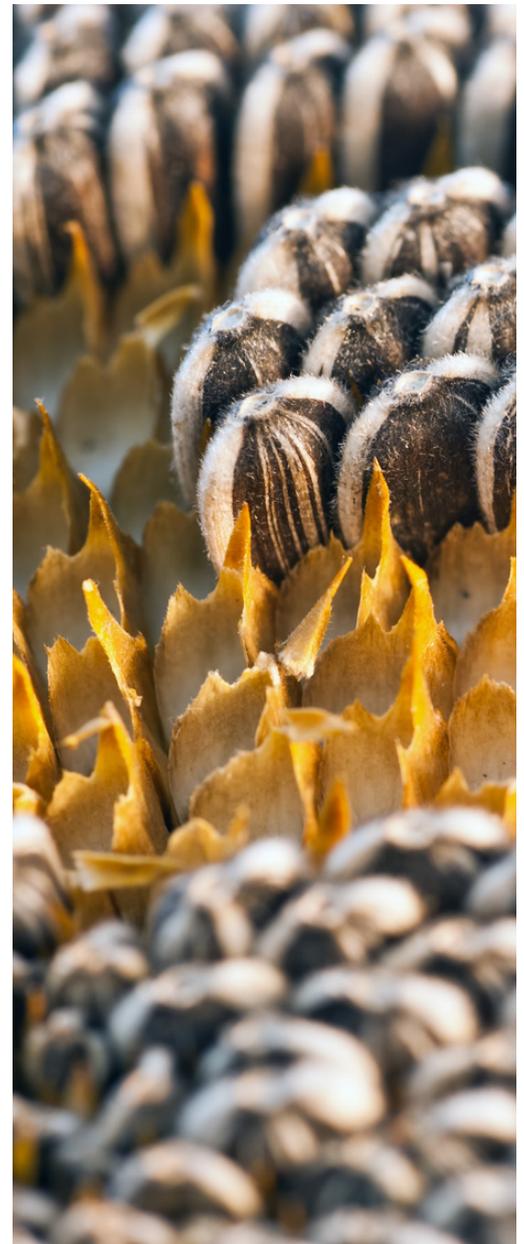




Sunflower

06.01.2023

In line with the last market report, it seems that buying interest is still significantly lower than typical for this time of year, in turn circumstances have warranted a further reduction in price levels, however, it would now appear we have reached the bottom of the market. Contributing factors that may soon turn the market around would be the upward trend of Seed Oil, and China decreasing its import tax on Sunflower could boost sales in coming months, both of which could influence the market significantly. Post-pandemic, current price levels were almost unpredictable what with general inflation and production costs continually increasing.





Millet

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Not much has changed in the EU market. Demand overall is relatively slow, presenting steady price levels and opportunities to obtain longer term positions. It is expected that the EU market will remain at these levels till the new year.

The U.S. market also remains the same. Price levels remain stable as growers have the bin space to hold onto raw material and wait to see how export demand plays out. There is supply, but not excessive this year out of the USA. Furthermore, EU regulations have dictated additional testing, naturally increasing the price levels.





Poppy

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The Czech blue poppy seed market is still sat at higher levels in comparison to other origins such as Spanish, for example. Still holding onto some of last seasons stocks, this has prompted some packers to act and start offering at reduced levels.

Given the fact that the crop yield was so low, forcing farmers to replace Poppy with more sustainable and profitable crops, this may set a precedent for the Czech blue poppy seed market for the future.





Pumpkin

06.01.2023

The market for Chinese pumpkin seeds is currently largely stable with only a few moderate price increases. With Chinese New Year coming up on 22 January, most people in China are stopping work in the next few days and heading back to their hometowns to visit their families and recharge their batteries. Unusually, demand in the domestic market is low, normally it surges before the New Year celebrations.

The reason the situation is different this year is that purchases and consumption have dropped sharply due to the extremely high coronavirus infection figures in the country. This has put a massive strain on the economy, many shops remain closed and logistics are extremely slow. Some market players suspect that logistics may even be temporarily halted in the second week of January, so there will certainly be delays for timely deliveries.

