



# CHELMER FOODS NEWSLETTER

## HIGHLIGHTS

20.01.2023



The rate of inflation fell for the second consecutive month in December raising fresh hopes that the worst of the cost of living crisis may soon be over.

The Consumer Prices Index (CPI), the headline measure of inflation, dipped to 10.5% last month from 10.7pc in November, according to the Office for National Statistics (ONS.)

Wednesday's easing in the CPI was largely the result of falling fuel prices. However, there was no sign of easing in food prices, which rose by 16.9% in the 12 months to December 2022, up from 16.5%, at the highest rate since September 1977.





# Flaxseed

20.01.2023

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, however, China have been buying at a premium as there are limited options, which is pushing up the market slightly.

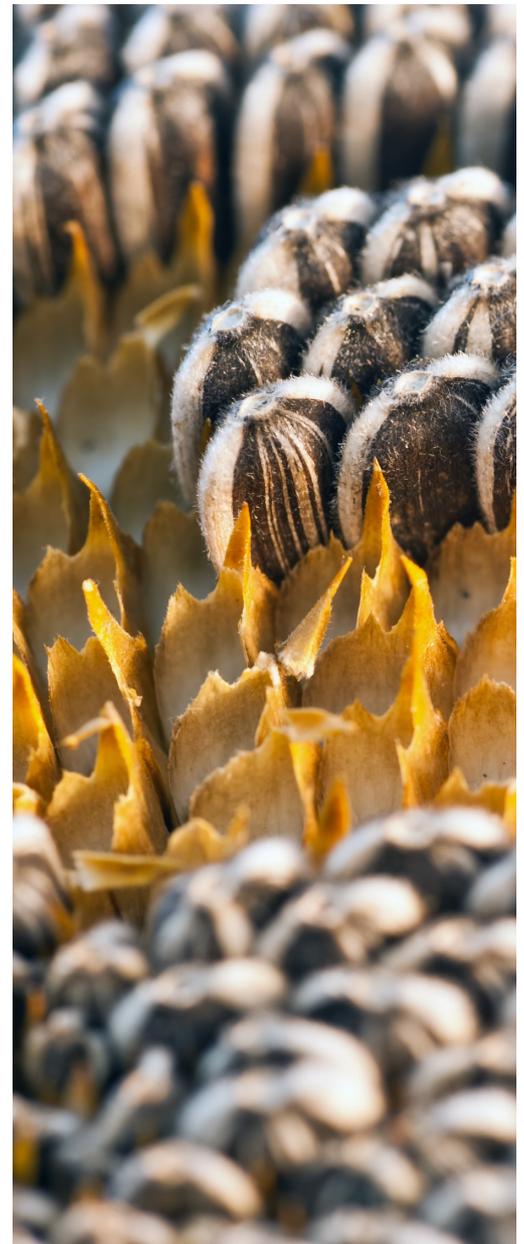




# Sunflower

20.01.2023

Although the oil mills have started operating again in Ukraine and some traders in Bulgaria have stocked up in anticipation of higher prices, this has so far failed to lift market prices. Trading is simply too subdued and the market is rather firm. Yet, this should change in spring at the latest as supplies will become more limited towards summer due to the production declines witnessed throughout the EU and Ukraine. Although Ukraine's Ministry of Agriculture is confident that attractive prices will prompt farmers to sow more oilseeds, there is no guarantee that production will rise. Bakery kernels from Bulgaria are trading at a low but firm price.





# Millet

20.01.2023

Millet in the EU is now getting higher. In the past week or so producers have had to purchase raw material at a higher cost as Millet supply is now starting to dry up. Prices look to increase in the coming months till new crop comes into play. The U.S. market also remains the same. Price levels in the U.S. 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. U.S. are sitting at higher levels than the EU now.

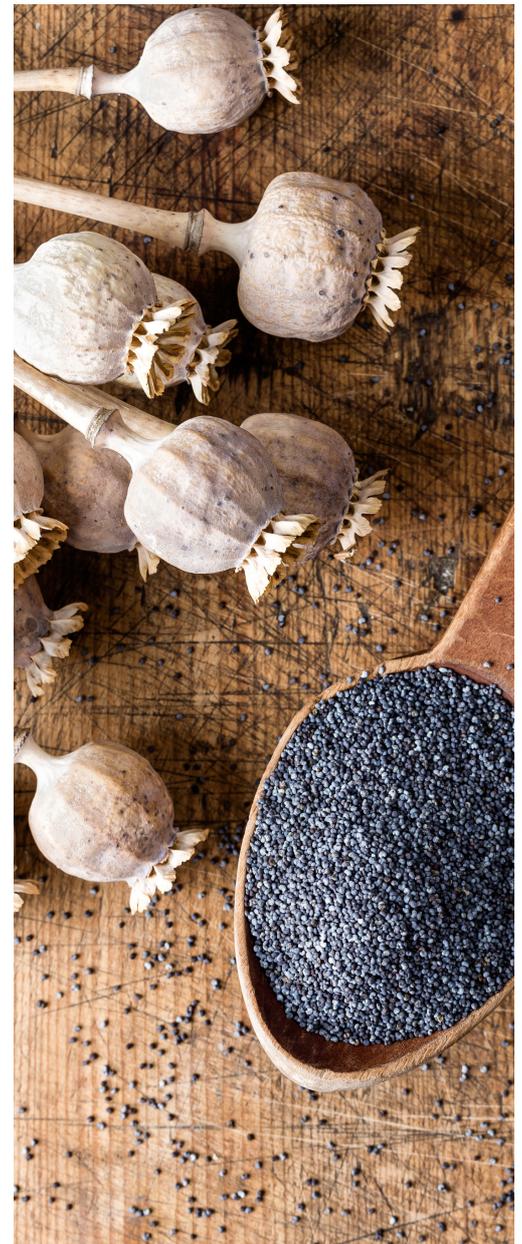




# Poppy

20.01.2023

Prices are simply too low for the blue poppy seed producers in the Czech Republic. Sowing will consequently decline for the second year in a row if farmers switch to more attractive alternatives. While trading was mainly subdued in the first few months of the season, demand picked up in January. All carry-in supplies from 2021 have now been sold and suppliers are now exclusively selling the 2022 crop. While prices still remain relatively high, prices have been too low for many producers in recent weeks. These market prices are far from sustainable for farmers, who witnessed a decline in yields. Farmers are, therefore, hoping for higher prices and may very well decide to switch to more attractive crops such as wheat, rapeseed or corn or mustard seeds instead of poppy seeds this year.





# Pumpkin

20.01.2023

The Chinese New Year has largely subdued trading. The national seven-day long holiday starts on 21 January and ends on 27 January, after which traders expect the prices for pumpkin seeds to shift. Many companies and factories have already closed for new year to enable their workforce to travel from the cities to their families living in rural areas. Trading will revive again at the end of January. Judging by the current demand in the domestic and overseas markets, prices will, however, only come down slowly. Yet, exporters are mainly worried about the exchange rate as the Chinese yuan has gained considerably against the US dollar since mid-December. Although the yuan has devaluated against the US dollar again in recent days, concerns are being voiced that this may be short-lived and that the exporters will have to raise their prices, even if raw seed prices remain firm.

