



Chelmer Foods

Newsletter



MARKET ANALYSIS

26.05.2023

The rate at which grocery prices rose slowed marginally in the year to April, but at 19.1% is close to record highs. It comes as the overall UK inflation rate fell sharply to hit single figures for the first time since last August.



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Inflation was 8.7% in the year to April - down from 10.1% in March but above the 8.2% figure expected. However, it does not mean prices are coming down, only that they are rising less quickly.

FLAXSEED



Not a lot has changed in the market. The European flaxseed market is still under pressure and looks to have reached its bottom levels. Having said that, Russian prices are still manipulating and muddying the waters.

A lot of sales have been concluded right up to April 2024 already, given that the bottom of the market is thought to be at its lowest. As to how long that window of opportunity will stay open, we are unsure.



SUNFLOWER



In recent months we have seen a substantial depreciation in Sunflower Seed and Sunflower Oil prices, to the point where this would now be considered unsustainable. For example, sunflower oil is currently trading at a discount compared to palm oil, although typically it would trade at a premium, this alone gives an indication of the market value. This is putting significant pressure on farmers who are unable to cover as much as 80% of their input costs.

Farmers are reacting by trying to hold on to material in effort to support supply vs demand in their favour. With the 2023/2024 crop a few months away and crops in their crucial stages of development, the markets will be extremely responsive to weather events. Poor weather conditions have already limited plantings in Ukraine to below last years levels. Overall, supporting these current price levels are unsustainable and may see a turn in these bargain prices.



MILLET

The market situation remains unchanged. Looking to the U.S. 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. European price levels seem to have settled and look to remain this way till new crop.



POPPY

Although the crop is slowly progressing, we should have a better idea of a cultivation estimate in June/July time. Overall, the development of the crop is reported to be going well, having said that, we have seen some adverse weather conditions that may have potentially impacted the less developed plants.



It is more than likely looking like another expensive crop compared to previous (more typical) prices.



PUMPKIN

The market remained stable last week as both export and domestic demands were relatively unactive. Raw material prices are sitting firm as speculators continue to try and manipulate the market by holding on to stock, and aiming for another price increase as domestic demand hopefully picks up in June/July time.



This is an indication that we may not see prices fall till new-crop in September. By now the planting in all growing regions is complete. Overall, it is estimated that GWS pumpkin planting has been reduced by 30%.





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NOTE

The EU Commission has agreed to an import ban for Ukrainian agricultural products to protect neighbouring member states from the impact of uncontrollable volumes of cheap imports, but transits are still possible to support Ukraine in circumventing the Russian blockade in the Black Sea. This includes countries such as Poland, Romania, Hungary, Bulgaria and Slovakia. The import ban is proposed to be from the 24th April to the end of June 2023.



IMPORTANT