



Rapeseed Market Prospects Set Fair For 2017/18

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European market prospects for rapeseed are set fair for the coming season, according to the latest supply and demand estimates from all the main industry sources.

Rapeseed production across the 28 EU countries in 2017/18 is widely expected to be higher than the current season at around 21.5 million tonnes. However, this will put it noticeably below both 2015/16 and 2014/15 and still leave Europe needing to import around 4 million tonnes to meet the demands of the crushing industry.

“Added to this tight stock position, a severe drought has led one of the biggest exporters of rapeseed to Europe, Australia to adjust its current crop output expectations down by 25%,” pointed out Dekalb NW Europe commercial lead, Geoff Hall.

“Another big soya bean crop in the USA would obviously limit the upside in rapeseed prices,” he accepted. “But with August temperatures in the main soya-growing states forecast to be above and rainfall below normal, we’re seeing clear signs of weather concerns in soya futures.

“A narrowing of the unusual premium we’ve seen for rapeseed over sunflower oil in recent months is another positive factor. If sunflower oil regains its historic premium this will almost certainly lead to increased crusher demand for rapeseed at the expense of sunflower.

“With availability appearing to be good for the coming season, palm oil is the main watch-out for the market,” Geoff Hall observed. “However, on the plus-side here prices are currently slightly up for this oil grain too.”

At current November 2018 ex-farm prices, UK winter OSR margins are forecast to remain second only to first wheat, significantly above alternative spring cereals, oilseeds and pulses and almost double the level of winter beans.

“The positive outlook for both markets and margins means that winter OSR has to be the first choice break for UK rotations in 2017/18 wherever it can be grown with reasonable reliability,” concluded Mr Hall. “This is reinforced by its particular value as both a cereal break and an entry for wheat.”



