Euro-Potato

Tuesday 31st January 2006

British Potato Council report

EUROPEAN 2005 MAINCROP and 2006 NEW CROP MARKET PROSPECTS

HOLLAND

News of the lower production estimate from the EU 15 countries of 43.2 million tonnes, compared to 48.0 mt in 2004, is maintaining growers confidence. It appears that the reduction in supply is starting to have an effect on the physical market in Holland. Most producers are limiting offers from store, particularly of best large size material. As a result Rotterdam quotation prices have increased during the past two weeks. Processing samples 50 mm+ are quoted at £88-£95/t and 40 mm+ £73-£93/t depending on quality. Growers report forward prices of Bintje for February delivery at £83/t for 35 mm+. Bintje for April delivery £102/t for 40 mm+ and Agria £105-£108/t. For May delivery Bintje 40 mm+ is quoted at £108/t. Export interest is increasing, particularly from Russia, but problems with transport by boat due to extremely cold weather are reported. Prices for export material are at £85-£93/t. Total ware exports this season continue to disappoint traders. Figures released for December 2005 indicated exports for the month were 69,500 t, around 18,000 t lower than in December 2004. Total ware exports for the season from 1st August to end of December have reached 339,000 t compared with 376,500 t in 2004.

FRANCE

The French export trade is relatively quiet at present compared with that in Holland and Belgium. This is due to fluctuating demand from Eastern Europe and slow interest from Spain. Traders are optimistic that volumes will increase again in February. Total maincrop exports however from August to end Oct are at 138,392 t compared with 134,480 t in the same period last season.
The processing sector is active at present, particularly with Belgian buyers present in the market and looking for good Bintje. Prices increased last week for all processing grades with the exception of 50 mm+ samples which were unchanged. Processing Bintje 35 mm+ rose to £71/t ex last week.

BELGIUM

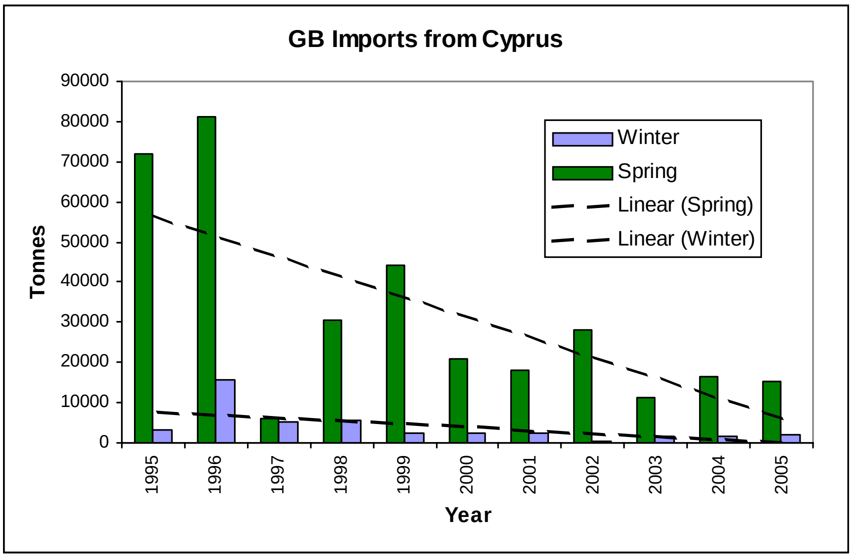
The Belgian market continues to strengthen with sizable price increases reported for processing material during week commencing 23rd January, of around £11/t. This was partly due to the expectation of increased demand for imports from Russia where exceptionally cold weather may have destroyed some of the countries potato supply, as well as the lower stock situation in Belgium this season. Higher prices however may make export trade more difficult in the weeks ahead. Growers are currently limiting offers onto the market despite good demand from processors. Prices were steadier last week with 35 mm+ processing samples for immediate delivery at £80-£82/t with higher prices quoted for delayed deliveries.
Seed prices are firm and increasing at present. Dutch Bintje Class A in 5 t lots for March delivery are £354-£374/t for 28-35 mm size and £224-£230/t for 35-45 mm.

GERMANY

Prices also increased in Germany with quality samples rising by almost £3/t a week ago. Average price for grade 1 ware potatoes was £64/t and grade 2 at £63/t, which was around £40/t higher than a year ago. There is a particularly strong demand for red-skin varieties from exporters to fill orders from South Eastern Europe and increased interest for good processing potatoes from Holland and Belgium.

JERSEY
Planting conditions on the island are ideal with growers making good steady progress. All fields are covered, a practice which continues until mid February. During the last three weeks temperatures have been cold but there has been little rain. Even some of the low lying fields have dried out well. The forecast is for continued dry weather this week but longer term freezing conditions are predicted during February. The first planted crops on the slopes are just emerging under covers. Growers are being careful not to proceed too rapidly in order to achieve a sequence of crops for harvest. It is estimated that 25% of total export area is now completed compared with 20% last year. Final area is expected to be similar to 2005 which produced just under 37,000 t of export tonnage.

CYPRUS
Following a very dry period, rain around mid January halted harvesting for the last of the Winter crop and delayed final export loadings. Soils are generally heavy on the island and wet conditions halt lifting for around 10 days at this time of year. The showers however have benefited the spring crop which needed rain. Earliest lifting of those could occur towards the end of March.
Deliveries of Winter crop to the UK, up to 27th January, are estimated at 3,600 t compared with 1,500 t last year. Total trade from Cyprus (Winter and Spring Crop) has declined rapidly in the last 10 years from a peak of around 97,000 t in 1996 to 17,000 t in 2005. However there have been seasonal fluctuations as a result of weather conditions, particularly in 1997 when frost damaged around 40,000 t of the Spring crop.
Currently trade in all wholesale markets, from Glasgow to London, is slow despite a reduction in price two weeks ago, down to £7.00/20 kg bag ex quay. Selling prices are currently £8.50-£9.00/20 kg out of most markets.



EGYPT
First arrivals from Egypt were around a week earlier on 4th January this season than in 2005. Deliveries during the month have also been ahead with a total of 1,754 t by 27th January compared with 1,300 t last year to the same date. A further increase in arrivals is expected in February and March before tailing off in April. In 2005 a total of 21,683 arrived in GB and this season that volume is not expected to be exceeded.

ISRAEL
Despite marketing problems and financial losses in 2005 Israeli exporters are expected to move a similar volume to Europe in 2006. Predictions made last June put likely exports for the 2005/06 season at 160,000 t but it now appears the total will be 235,000 t. Of those, arrivals to UK are indicated at around 67,000 t compared with an estimated 63,000 t last year. An earlier start on organic products was made from last November with supplies, from an increase number of product lines, scheduled to continue until early summer.

Report prepared this week by **Rob Burrow**. For further information please phone **01865 782 263** or email **rburrow@potato.org.uk** .