2023 Potato Business Summit

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Potato Business Summit

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World Potato Markets

WORLD POTATO MARKETS

A European and global potato market perspective

Cedric Porter, Editor World Potato Markets

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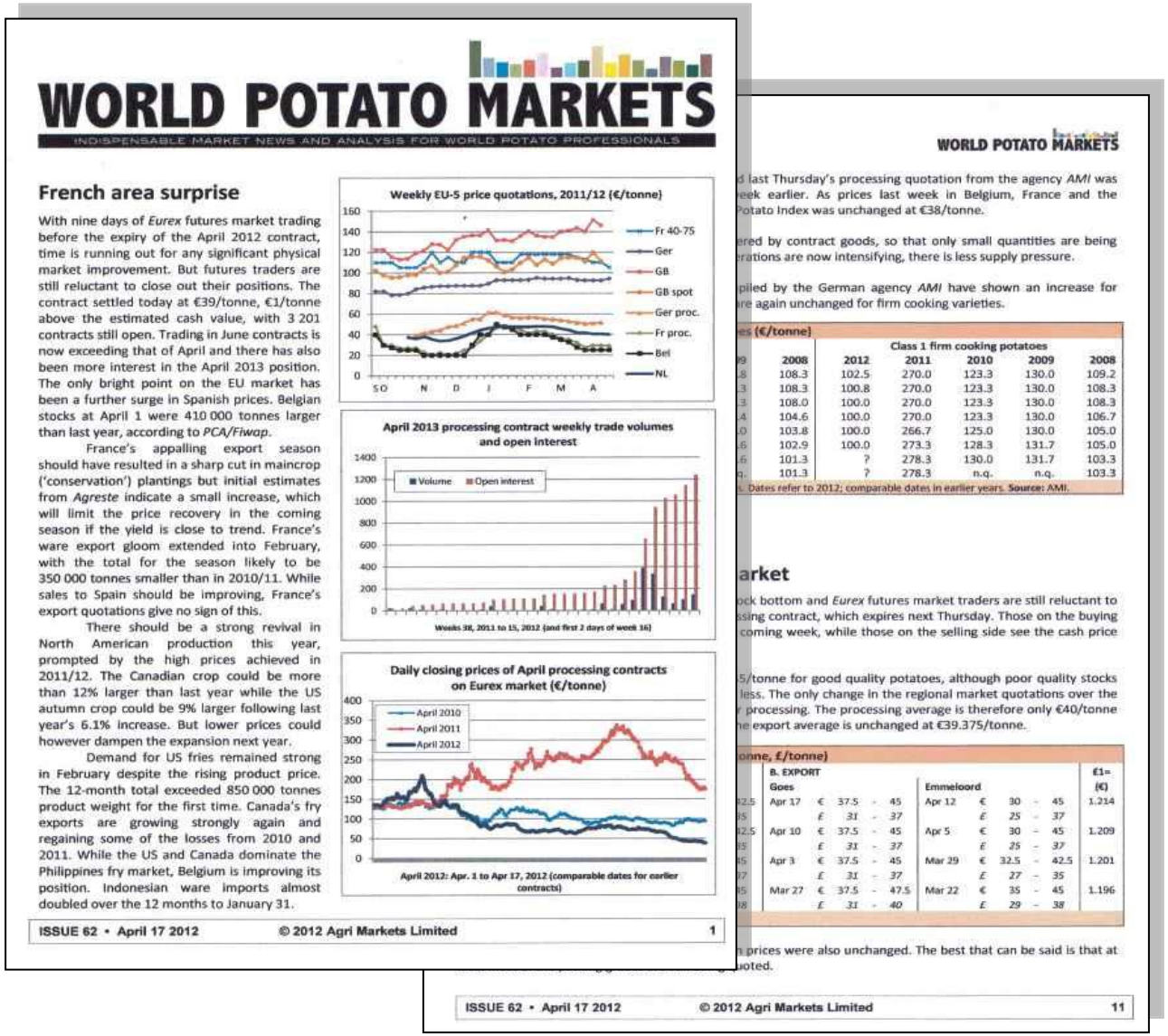

WORLD POTATO MARKETS

INDISPENSABLE MARKET NEWS AND ANALYSIS FOR WORLD POTATO PROFESSIONALS

French area surprise

With nine days of *Eurex* futures market trading before the expiry of the April 2012 contract, time is running out for any significant physical market improvement. But futures traders are still reluctant to close out their positions. The contract settled today at €39/tonne, €1/tonne above the estimated cash value, with 3 201 contracts still open. Trading in June contracts is now exceeding that of April and there has also been more interest in the April 2013 position. The only bright point on the EU market has been a further surge in Spanish prices. Belgian stocks at April 1 were 410 000 tonnes larger than last year, according to *PCA/Fiwap*.

France's appalling export season should have resulted in a sharp cut in maincrop ('conservation') plantings but initial estimates from *Agreste* indicate a small increase, which will limit the price recovery in the coming season if the yield is close to trend. France's ware export gloom extended into February, with the total for the season likely to be 350 000 tonnes smaller than in 2010/11. While sales to Spain should be improving, France's export quotations give no sign of this.

There should be a strong revival in North American production this year, prompted by the high prices achieved in 2011/12. The Canadian crop could be more than 12% larger than last year while the US autumn crop could be 9% larger following last year's 6.1% increase. But lower prices could however dampen the expansion next year.

Demand for US fries remained strong in February despite the rising product price. The 12-month total exceeded 850 000 tonnes product weight for the first time. Canada's fry exports are growing strongly again and regaining some of the losses from 2010 and 2011. While the US and Canada dominate the Philippines fry market, Belgium is improving its position. Indonesian ware imports almost doubled over the 12 months to January 31.

Weekly EU-5 price quotations, 2011/12 (€/tonne)

April 2013 processing contract weekly trade volumes and open interest

Daily closing prices of April processing contracts on Eurex market (€/tonne)

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d last Thursday's processing quotation from the agency *AMI* was eek earlier. As prices last week in Belgium, France and the Potato Index was unchanged at €38/tonne.

ered by contract goods, so that only small quantities are being erations are now intensifying, there is less supply pressure.

plied by the German agency *AMI* have shown an increase for re again unchanged for firm cooking varieties.

es (€/tonne)

	Class 1 firm cooking potatoes					
9	2008	2012	2011	2010	2009	2008
8	108.3	102.5	270.0	123.3	130.0	109.2
3	108.3	100.8	270.0	123.3	130.0	108.3
3	108.0	100.0	270.0	123.3	130.0	108.3
4	104.6	100.0	270.0	123.3	130.0	106.7
0	103.8	100.0	266.7	125.0	130.0	105.0
6	102.9	100.0	273.3	128.3	131.7	105.0
6	101.3	?	278.3	130.0	131.7	103.3
q.	101.3	?	278.3	n.q.	n.q.	103.3

. Dates refer to 2012; comparable dates in earlier years. Source: AMI.

arket

ock bottom and *Eurex* futures market traders are still reluctant to ssing contract, which expires next Thursday. Those on the buying coming week, while those on the selling side see the cash price

5/tonne for good quality potatoes, although poor quality stocks less. The only change in the regional market quotations over the processing. The processing average is therefore only €40/tonne e export average is unchanged at €39.375/tonne.

onne, £/tonne)

	B. EXPORT								£1=
	Goes					Emmeloord			(€)
2.5	Apr 17	€	37.5	-	45	Apr 12	€	30 - 45	1.214
		£	31	-	37		£	25 - 37	
2.5	Apr 10	€	37.5	-	45	Apr 5	€	30 - 45	1.209
		£	31	-	37		£	25 - 37	
	Apr 3	€	37.5	-	45	Mar 29	€	32.5 - 42.5	1.201
		£	31	-	37		£	27 - 35	
	Mar 27	€	37.5	-	47.5	Mar 22	€	35 - 45	1.196
		£	31	-	40		£	29 - 38	

prices were also unchanged. The best that can be said is that at uoted.

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Essential weekly international potato and potato product trade, production and price information

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Greetings from Denver,
Norfolk, in the heart of
English potato country

In Europe War and Weather have replaced Covid as the main market drivers

+104F

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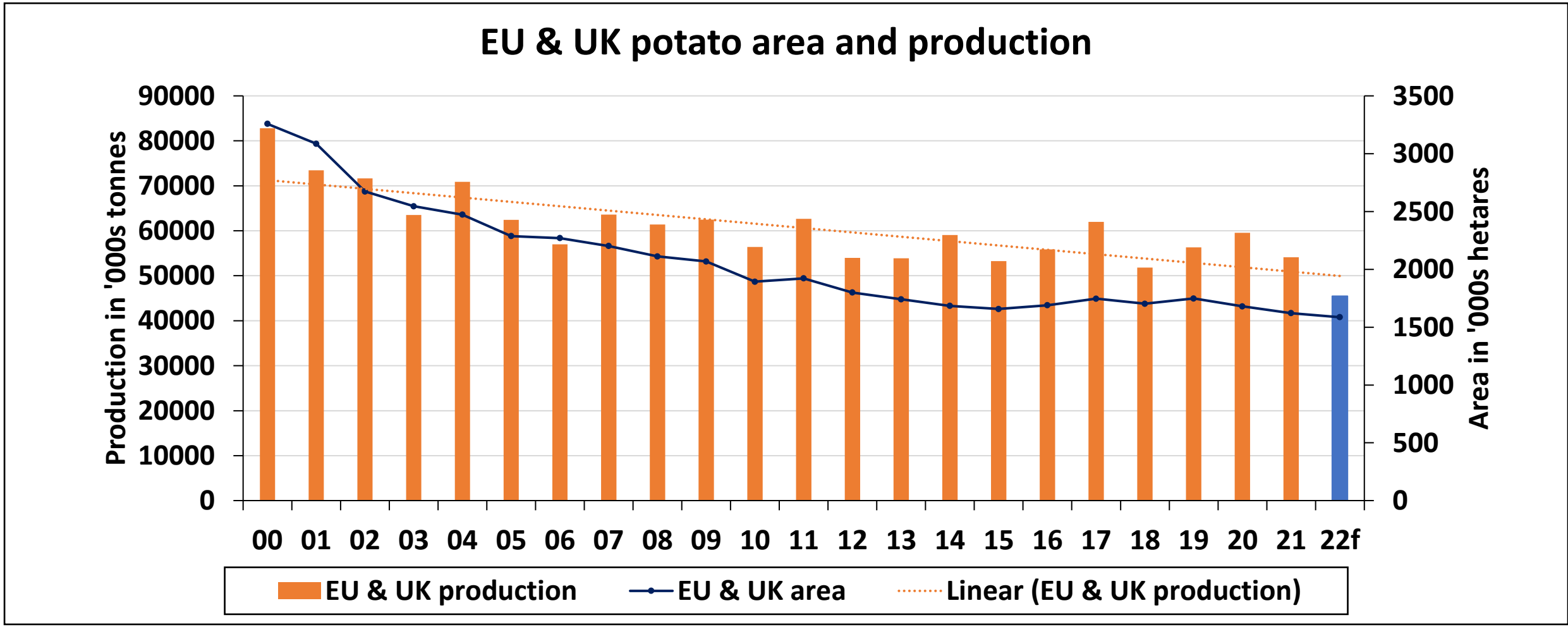
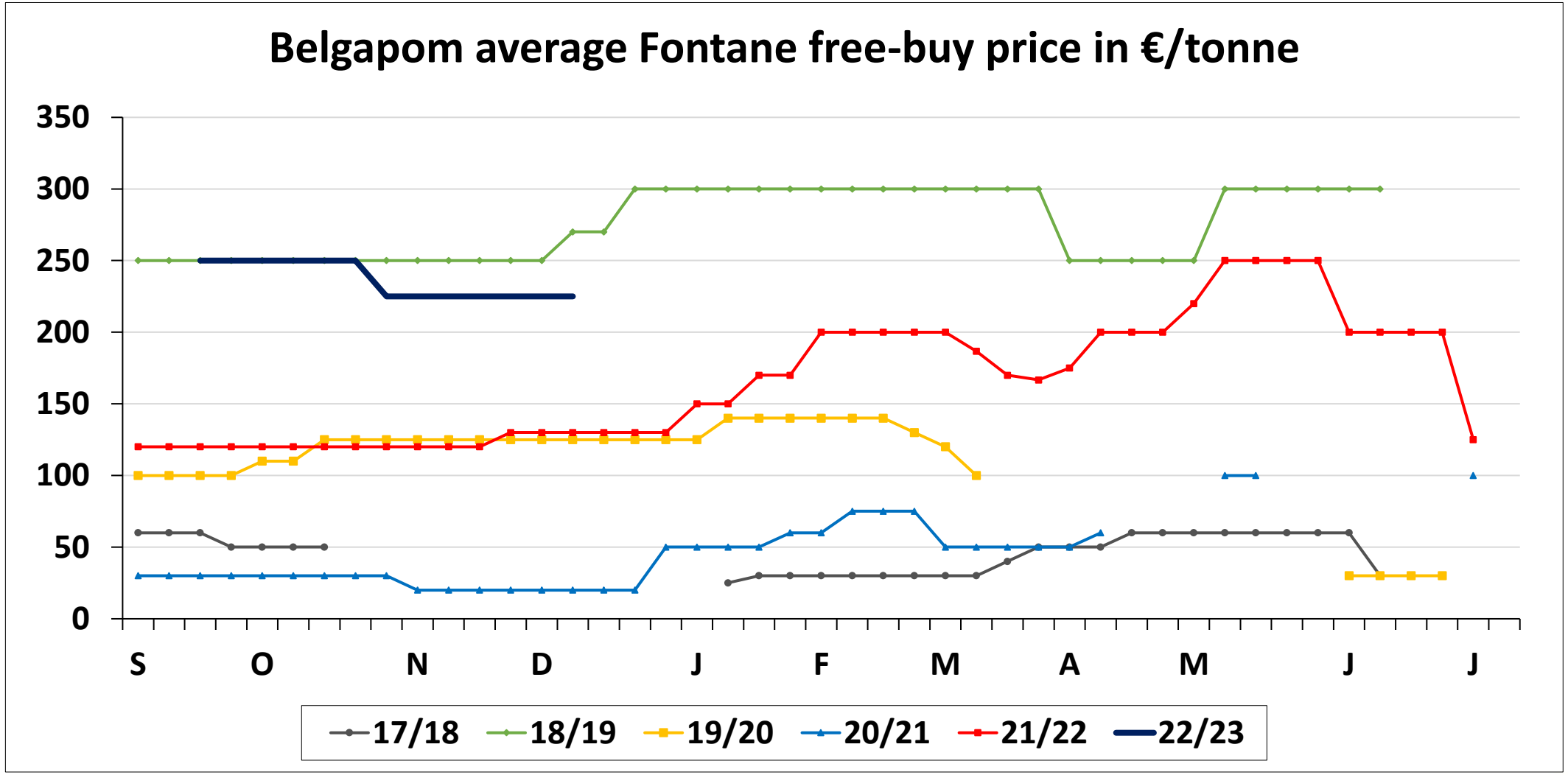
Europe has produced its smallest potato crop from its smallest area ever



Just 4 countries (Germany, France, Netherlands and Belgium) + the UK account for 68% of EU & UK production

Prices are up on last year but not as high as in the last drought-hit year of 2018



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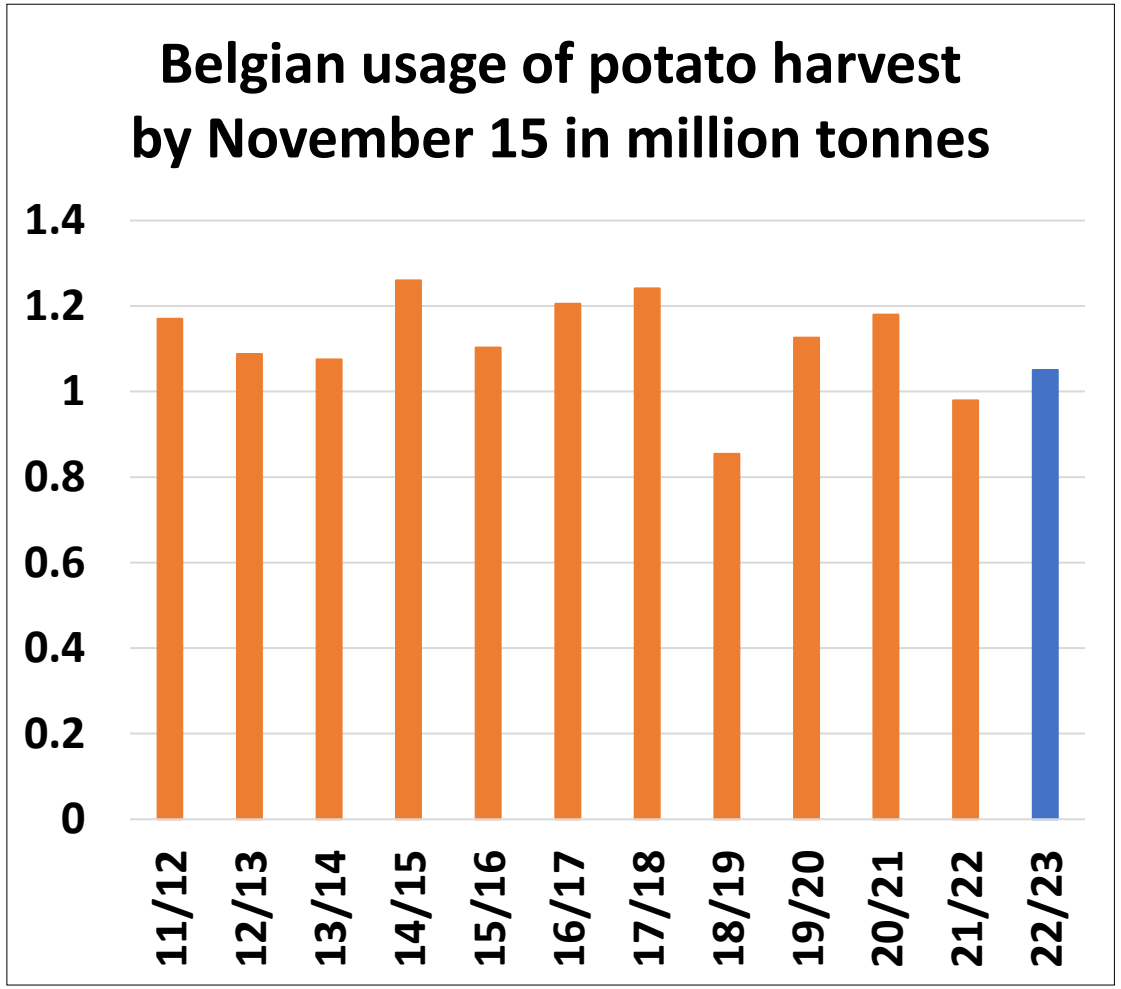
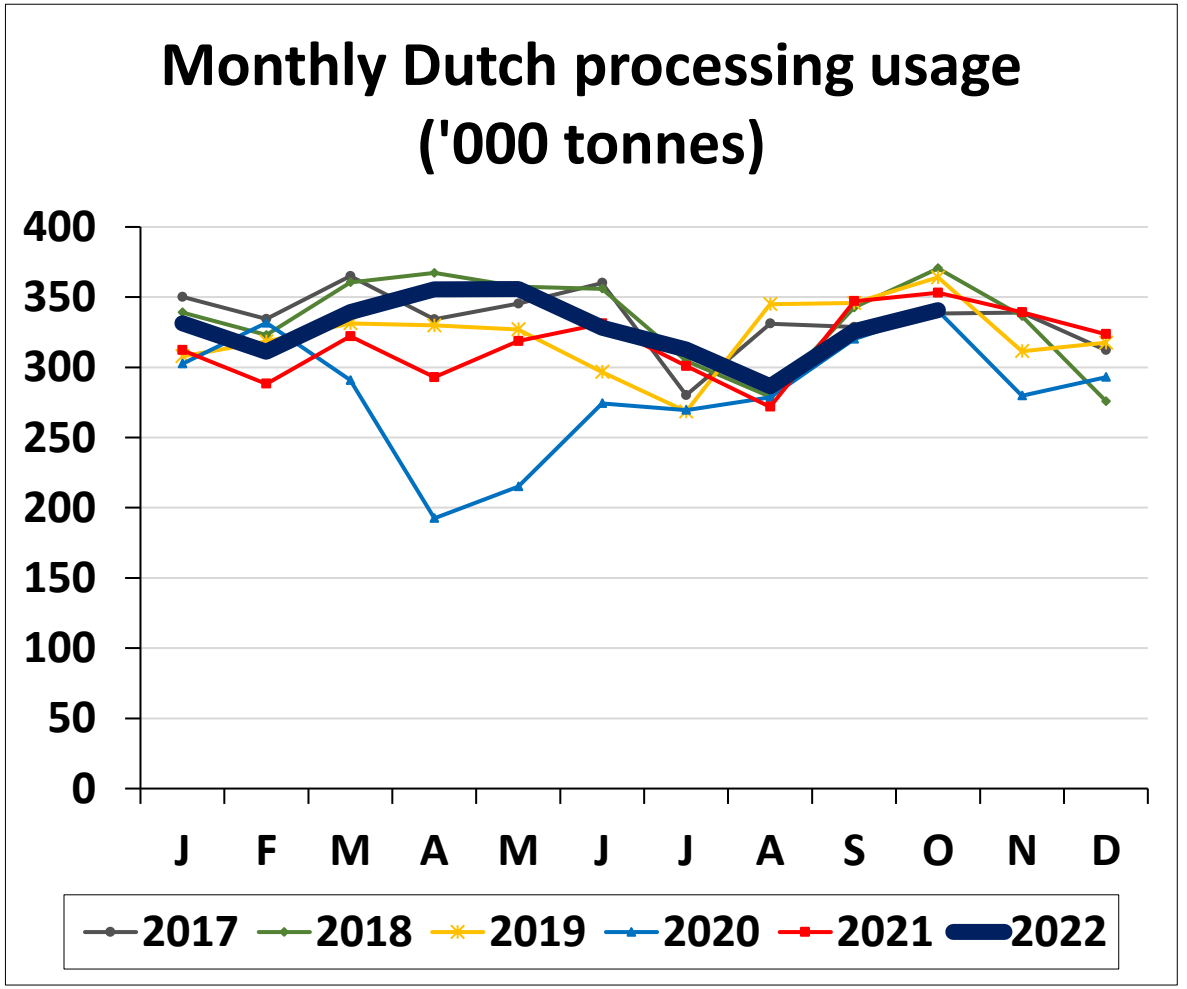
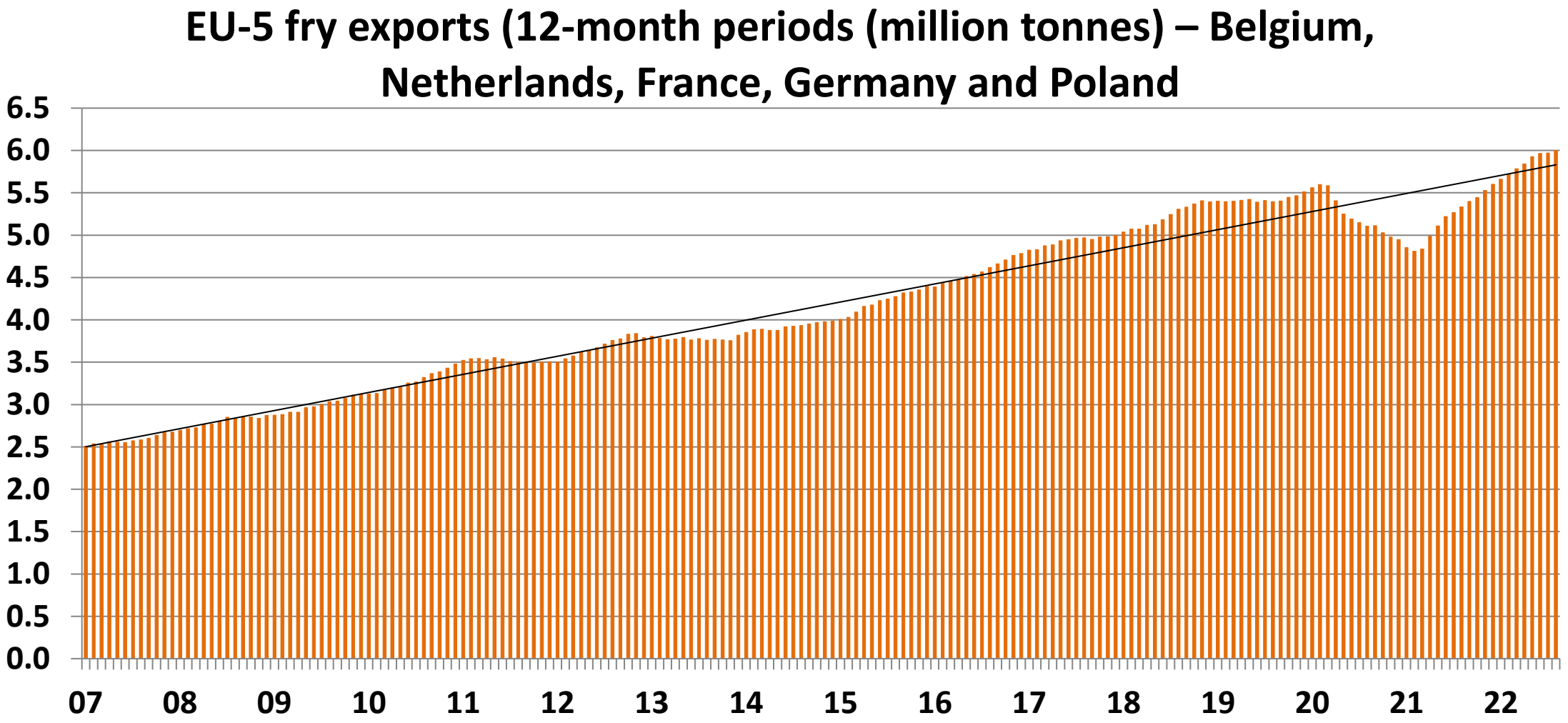
Usage of potatoes is relatively strong





Exports of nearly 6 million tonnes of fries by the EU's top 5



Fry exports remained strong in the 2008/10 global recession

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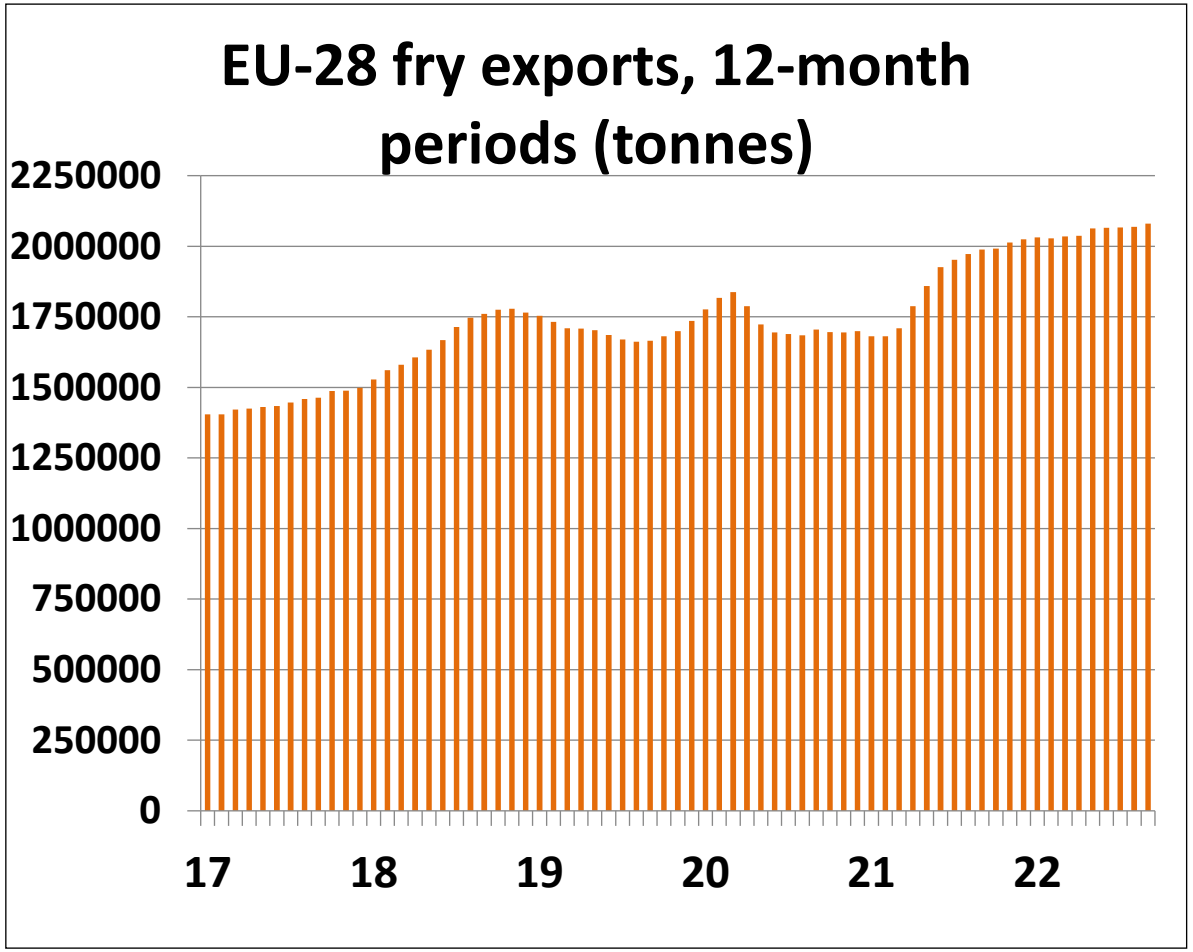
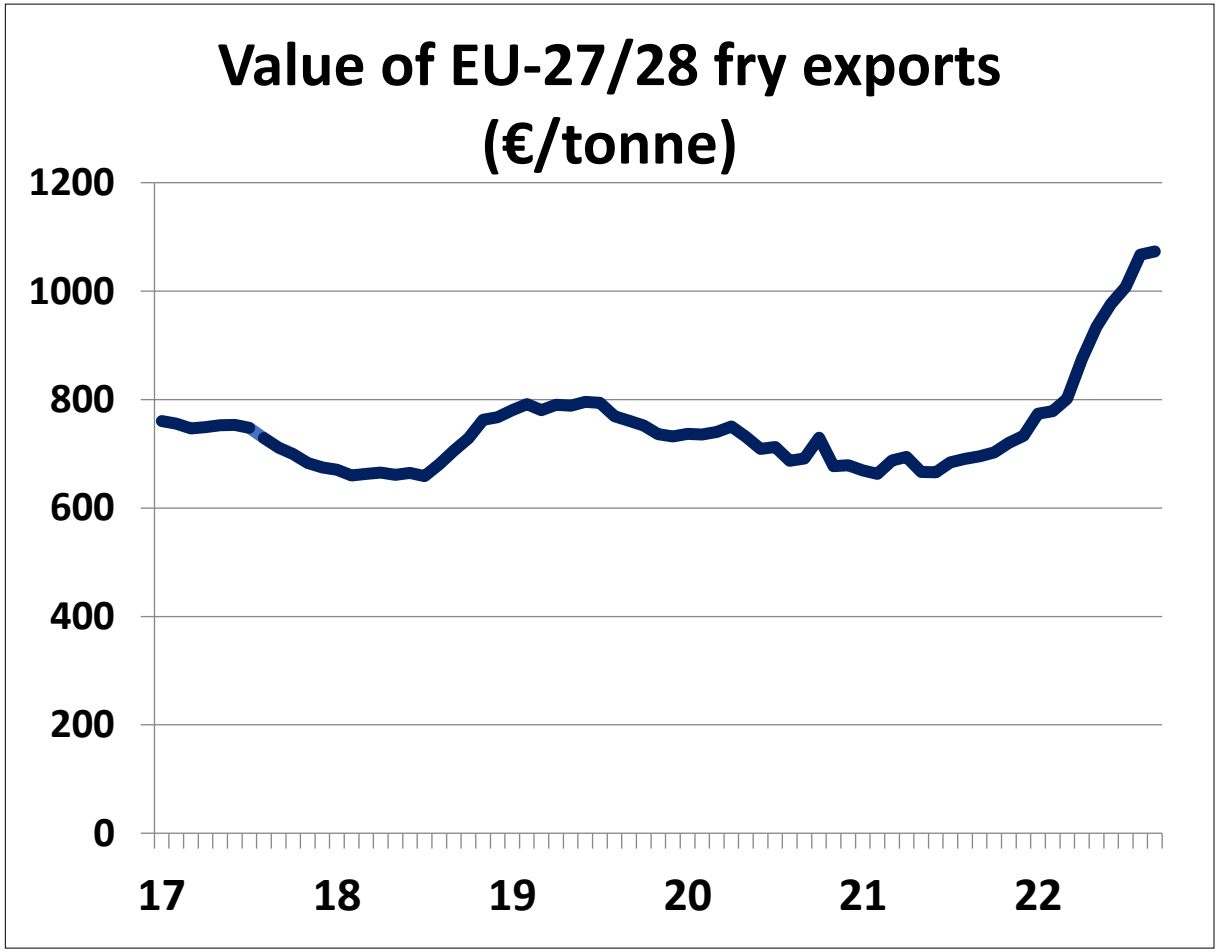
There is some slowdown in exports outside the EU as prices rise





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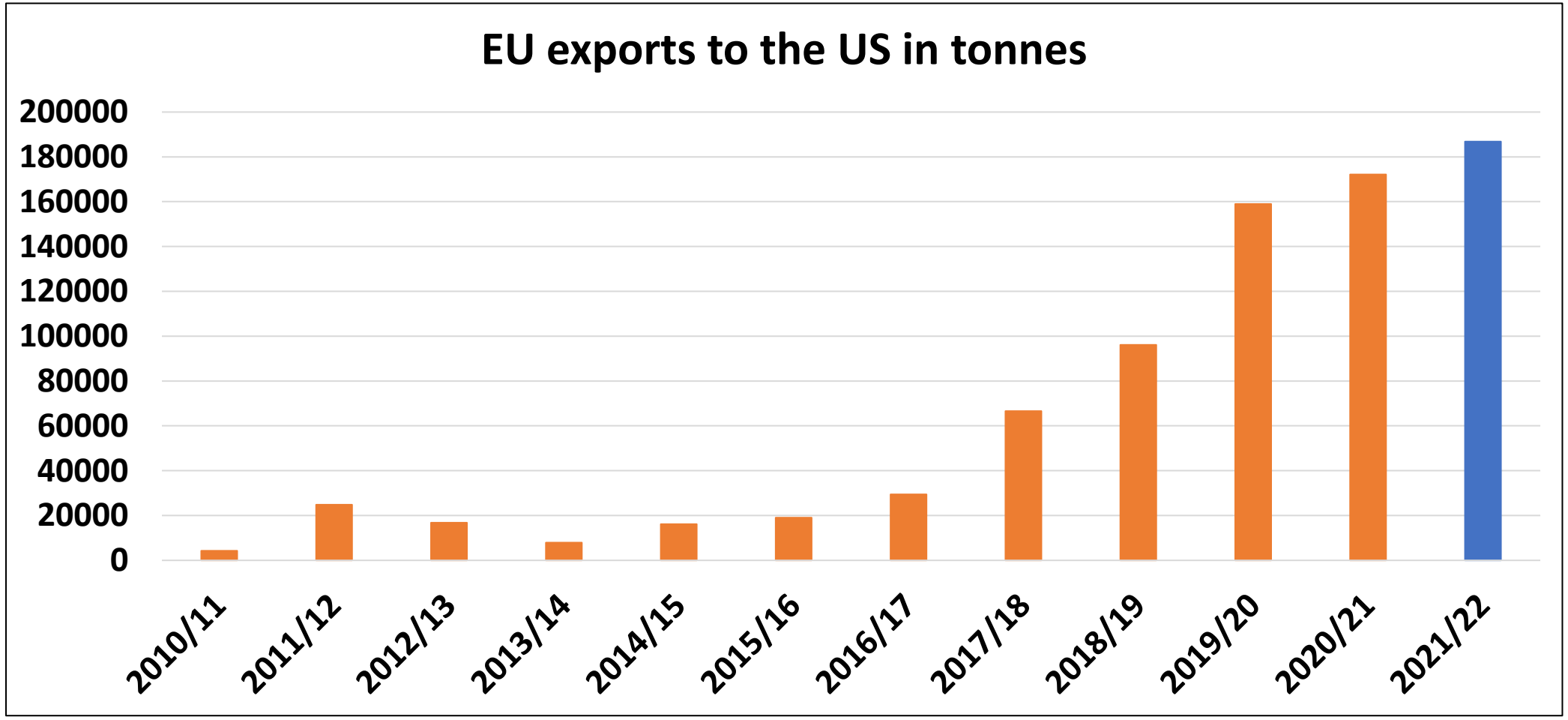
US imports of European fries are at record levels



Non-European & North American suppliers are gaining ground

12-monthly frozen fry exports in tonnes		
	2021/22	% change
Argentina	256787	+2.2
India	85814	+51.4
China	85538	+72.5
Turkey	63670	+9.5
New Zealand	58127	+7.9
Egypt	29289	-16.3
UK	27984	-5.8
Australia	11880	-3.3
South Africa	10338	-1.1
Rest of World total	**619089**	**+13.3**
EU	2081284	+4.8
Canada*	1311423	+13.7
US	984941	-5.7
Total	**4996737**	**+5.6**
RofW as % of total	**12.4**	**na**

Latest fry export price in US$/tonne		
	2021/22	% YOY change
Argentina	1175	+29
India	1103	+40
China	1228	+4
Turkey	1447	+115
New Zealand	882	-8
Egypt	1202	Na
UK	1335	-9
Australia	1500	-5
South Africa	1480	+28
EU	1062	+30
Canada	1273	+13
US	1538	+32

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There is an extra 400,000 tonnes (881 million lbs) of potato capacity this year with expansions by Aviko & Lutosa in Belgium and more to come

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Costs will be a key planting decision factor

Annual increase in costs

Fertiliser +134%

Fuel +43%

Ag chems +13%

Machinery +25%

Electricity +29% (+275% in August)

Gas +185% (+1000% in August)

Cost of growing Dutch potatoes in 2023 = US$10,000/hectare (US$4,050/acre) says Dutch POC organisation

Farm Costs = UK (AF). Gas = ICE & Electricity = ENTSO-e

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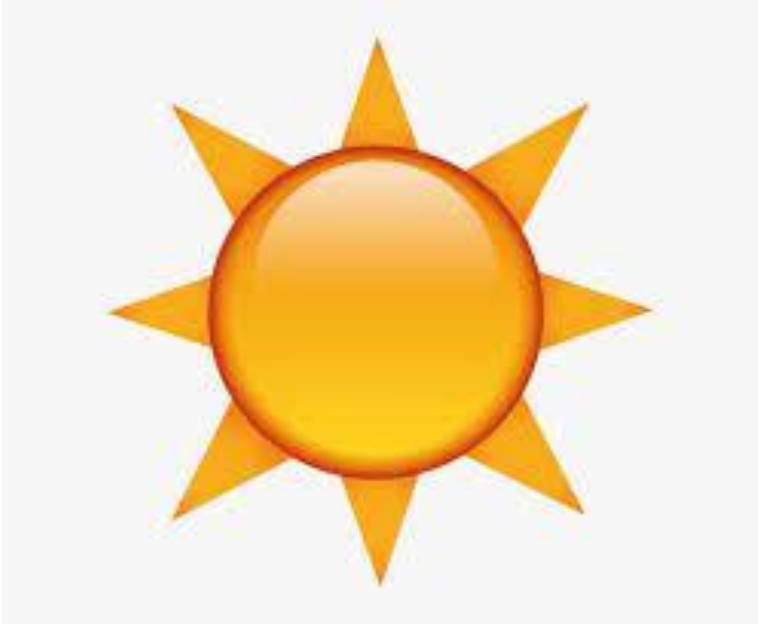
European supplies could be tight again in 2023

Weather will be key again



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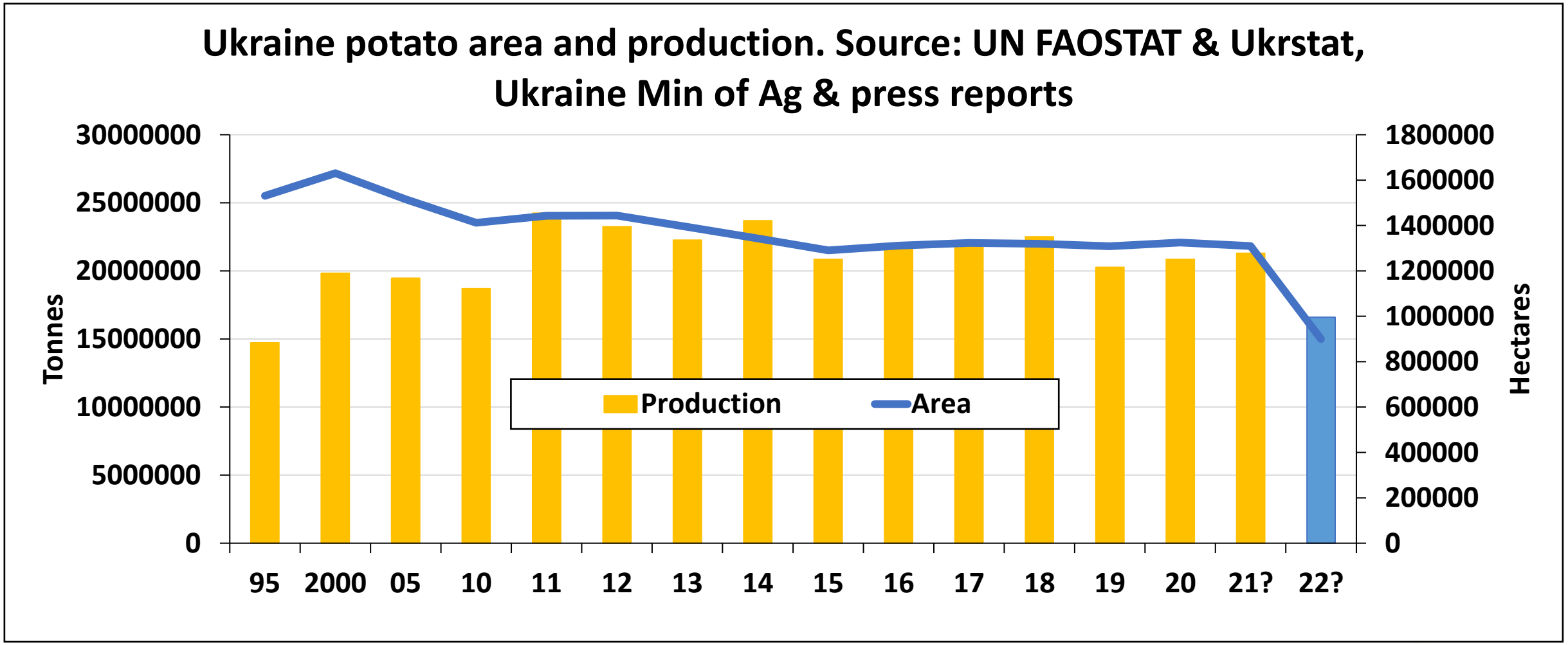
Ukraine’s potato crop is down



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A squeeze on fresh potato planting around the world – a need for more contracts and retailer commitment?

- Fresh potato output was just 23% of US total in 2021 (probably smaller in 2022)
- Only 5% of Belgian seed area is of fresh varieties
- UK fresh area could drop 20% in 2022

Has discounting gone too far?

US$0.05/lb

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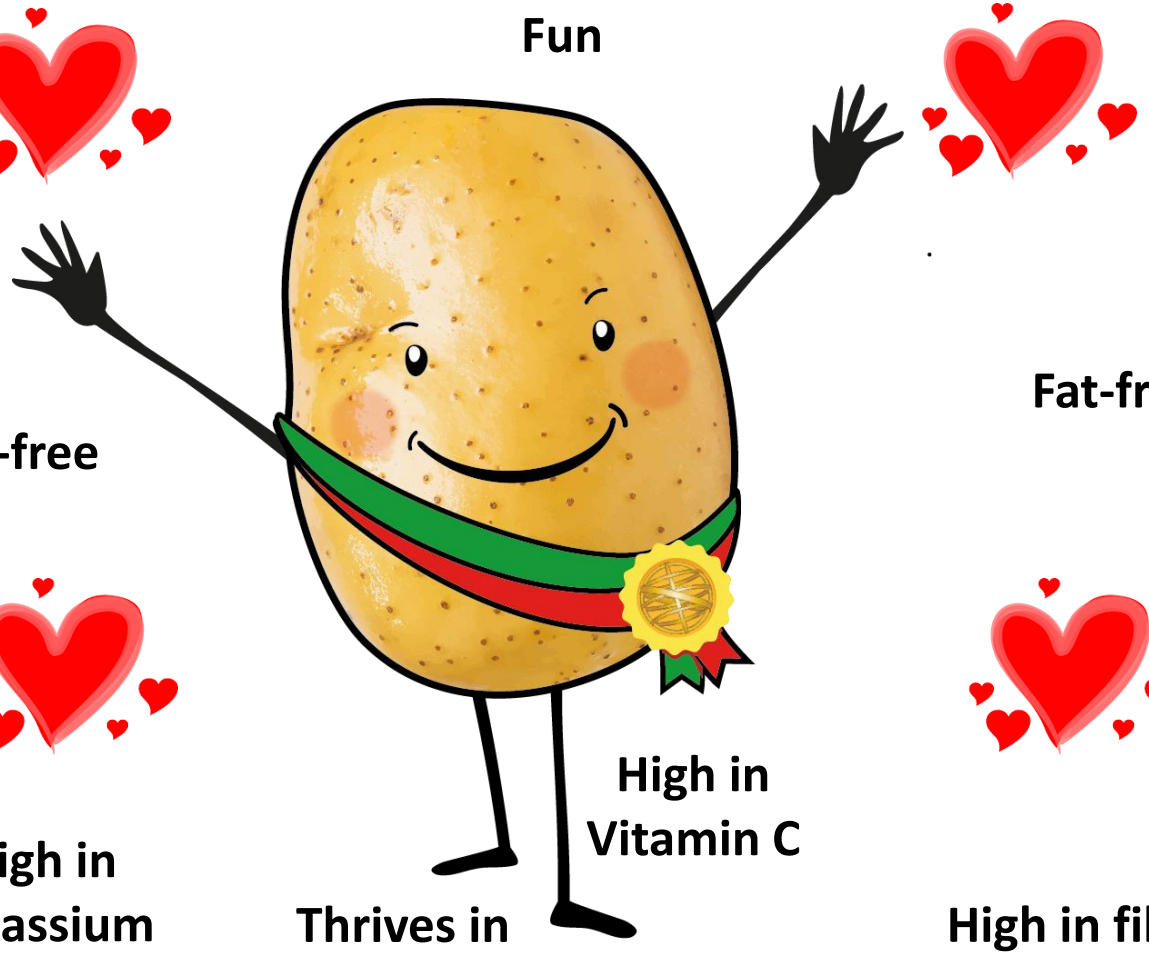
What is not to love about potatoes?



Low carbon footprint

Fun

High in Vitamin B6

Good value

Can be made into plastic

Versatile

Fat-free

Gluten-free

Sodium-free

Plant-based

Can be used to deliver vaccines

High-quality protein content

High in potassium

High in Vitamin C

Low water footprint

Animal feed

Thrives in wide-range of growing conditions

High in fibre

A bio-energy source

Photo: Portugal's Miss Tata

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As ever, Dolly is right, well almost!

“Every diet I’ve ever fell off of, it’s been because of a potato, either french fries, or mashed potatoes, or baked potatoes. Potato, potato, potato. I never met a spud I didn’t like.”

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