Barley report

18 April 2017
General:

- Drilling is in full swing in all our Viking Malt countries except Finland and mostly ready in our main sourcing areas in Poland.
- Barley market has been quiet with nearly unchanged prices whole year and customers are not in a hurry to sign 2018 years contracts.
- With this solid price base price declines are more limited – while reactions on weather phenome can give faster movements upwards.
- Drilling and crop development is going forward according plans in whole EU and malting barley areas are expected at unchanged level on EU level.
- This should give a secure supply with malting barley for crop 2017 if weather is not getting too challenging.
- But already now we can see that extremes are showing up again both as temperatures and also rain /dryness.
Areas of Concern – Extreme Weather events

Based on weather data from 20 March until 16 April 2017

Source: European Commission - DG JRC
Malting barley prices Basis FOB Swedish /Danish Port Basis Oct 14/15/16/17/18/19
Malting barley growing areas in Sweden

Weather:
- After dry and nice weather for 10 days where a lot of seeding could take place but suddenly near winter came back just before Easter.
- This is estimated to continue for a week and will halt further drilling in Mid – Sweden

Malting Barley Crop 2017:
- Estimated acreage for Spring Barley in same level with last year at around 300,000 ha.
- With normal yields after last years low we expect around 465,000 t malting barley.
- Main Varieties are Propino, Irina and Planet for Pilsner malt and Catriona, Makof and Brioni for HDP malt.
- Our new HDP Variety Vipekka grown for commercial trails.

**Around Lake of Mälaren**
Some additional activity this week but still no seeding in general. So far not more than 5% drilled but still early. Some rain, or even snow, over Eastern but forecast for next week promising.

**East**
Malting barley acreage rather limited in the region. About 60% of the expected malting barley sown, mainly on light soils in the southern part of the region. Cloudy/rainy weather the next days before stabilizing early next week.

**West**
Southern part with light soils more or less done while not much more than started on heavier soils in the northern part. Rainy weather expected the next days before sun coming back beginning of next week.

**South -Current situation**
Fields have almost been able to enter but lack of sun, more or less no wind and rather humid air (though not much rain) was delayed start of full swing seeding for a while. Expect 65% drilled up to now. Now rainy, windy and lower temperatures so no more seeding the next days.
Denmark

Weather and crops:
- The Danish winter 2016-2017 was mild and with average level of precipitation.
- Winter crops have survived the winter quite well – so no major re-sowing in spring is needed.

Malting Barley Crop 2017:
- Drilling of spring malting barley has started well and is expected to be more or less completed with the coming few days.
- Expectations for growing area for spring barley for the coming crop 2017 is at estimated 550,000 ha slightly down compared to last year but still at same average level as the last couple of years.
- Almost all grown spring malting barley is based on certified seeds.
- Expected split for grown spring barley in Denmark for the coming season can be seen in the graph.
- Irina and Planet are showing a big increase and Quench will at estimated 9% be almost a third of the size it was in crop 2016.
Weather:
- During the first weeks of April, frost from the ground has almost melted in the south and west coast while it’s still melting in other southern and central parts of Finland.
- Snow disappeared from the southern fields already during March but the temperatures are still cold, day temperatures in average + 5 °C, nights – 5 °C.
- In general, sowing time in Finland starts in the end of April. At the moment it feels to come little bit early but if the temperatures get warmer, situation can change quickly.

Growing areas, crop 2017:
- LUKE (Natural resources institute Finland) will publish the cultivation areas for 2017 in June. Until that we only have best guesses available.
- Total barley together with spring wheat area are estimated to decrease, while oats is expected to increase despite of the difficult quality of the last crop. Seed sales are showing the same.
- Increase is also estimated for winter grains and so far there is no winter damages reported. Rapeseed, caraway, beans and peas are increasing while farmers are looking for alternatives for grains in a difficult profit situation with current market prices.
- Area of organic production is expected to increase significantly during coming years for the same reason.
- At the moment organic grain production is app. 2 % of the total crop. Half of it is organic oats. Production of organic malting barley is increasing slightly.

Varieties crop 2017:
- Charles is starting as a new Nullox-variety in Finland.
- Pekka varieties, Repekka, Popekka and Vipekka are starting as new HDP varieties.
- Results of the industrial trials of RGT Planet are not ready yet and review postponed after sowings till the end of May.

Local market crop 2016:
- Export of malting barley has been active during the first months of the year. Volumes are still modest despite of the most active year for a long time.
- Number of farmers decreased under 50 000, average farm size is increasing rapidly but still 45 hectares/farm.
- Kesko, Finnish retailer announced to sell its agricultural business to Swedish Lantmännen.
Lithuania

Weather:
- Winter have passed very mild and with not much snow in Lithuania.
- Fields are getting drier and farmers starting to drill summer crops.

Crops:
- Winter crops have survived the winter very well – so no re-sowing in spring is needed.

Malting Barley Crop 2017:
- Malting barley drilling just starting now, due to colder weather farmers are not forcing to drill and are waiting for warmer temperatures.
- Planet and Irina is distributed very well and expected to grow this year and grow in large scale for crop 2018.
- In general all certificated seeds of malting barley are sold.
- After last years disappointing harvest - because of extremely bad weather in harvest time - Lithuania should with normal conditions be more then self sufficient with malting barley.
The weather in March was quite diverse, temperatures recorded in Poland this month were very different depending on the region. The lowest temperature was -7 degrees, the highest temperature was 23 degrees. In the S-W of Poland the weather conditions were favorable for spring barley sowing.

In March there were intense rainfalls which stopped barley sowing in eastern and northern Poland. The average rainfall in the region ranged from 35 to 86 mm/m².

Winter Barley

- was wintered in good conditions thanks warmer weather and recent rains. Winter barley is in good healthy condition.
- First dose of nitrogen has been already sprayed. Farmers are performing first fertilizing and first round of fungicides. Winter barley now is in BBCH29-BBCH31 phase - end of propagation, beginning of stalking. Good condition of the plantation in general.

Spring barley

- In the S-W region of Poland First spring barley sowing began on 27th of February and was finished around 15th of March.
- Rainfalls in 3rd decade of March caused fast germination and growth of plants. Now barley is in BBCH 15 phase - plants have 3-5 leaves. Water resources are on acceptable level.

Because of late Spring first sowing in S-E region began after 21st of March. Rainfalls in week 13th additionally delayed all of field works. At the moment it is estimated that about 76% of the area is sown. In the N-W and N-E regions the sowing level is above 60%.