

Sourcing News Letter

By Jacob Andersen, VP Group Sourcing & Procurement

This issue at a glance

- View from the bridge
- FOB DK Price graf
- Weather forecast EU

View from the bridge

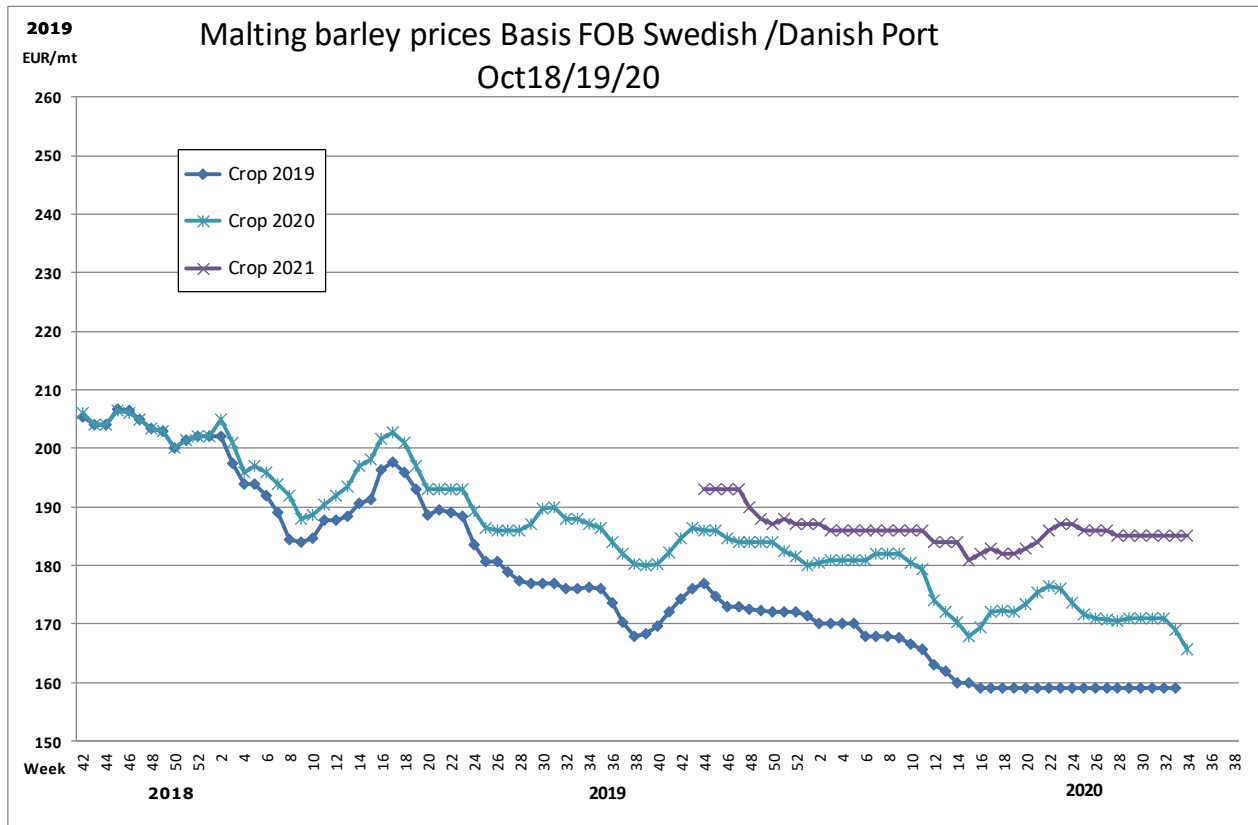
After a very cold and rainy spring, weather continued being cold and rainy most of June and 1st half July in our Baltic region. This was a situation which at least from my chair was of some concern, would it be a late harvest, would we see fusarium problems, could we have germination issues etc. Status today end August is, crop in Poland caused major challenges, the winter barley ended up with 80% mouldy kernels due late rain and therefore not useable as malting barley, spring barley in Poland is of a somewhat mixed quality, overall healthy but in certain areas with very low screenings which also will take away quantities as malting barley, all this will lead to imports of quality barley from Denmark and Sweden during the season. Denmark, South Sweden and Lithuania have had good conditions and could start harvesting mid-August. In all 3 areas we see

a good quality crop, nice looking barley, good screenings, 10-11% protein overall with regional differences as usual, and so far fusarium does not seem to be a problem (To be confirmed when we start malting of crop 2020). Mid Sweden and the Lake areas only just started with some 20—25% done till now, overall seems like a good crop there also, good screening, proteins just below 11%. Finland expect the early areas to start end next week, still need some sun to get the barley ready for harvest, expectations here is a very mixed bag. The sowing season was very widespread timewise, and weather has been very dry early, so we expect yields on the lower side vs 5-year average, other qualities to be reported as harvest begins. So overall, even with local challenges, seems like we will have a good season ahead of us.

Looking around the world reports are much like our region, results seems good and no major problems reported. Southern hemisphere currently also looks good but still has a long way to go so we have to wait for the results. Market-wise the situation is calm, farmers not very active as they feel price are not that attractive both for crop 20 and 21, which the supply chain should have in mind. Expectations are that we will see a large increase in the winter sown area around EU for crop 2021, and that we see a decrease in the expected total barley output for crop 2021. Further we look into the first season where UK will step out of EU by end this year, which is expected to be without a deal, leading to import / export taxes. What this will do to our crop mix in EU and the price levels is still to be seen.

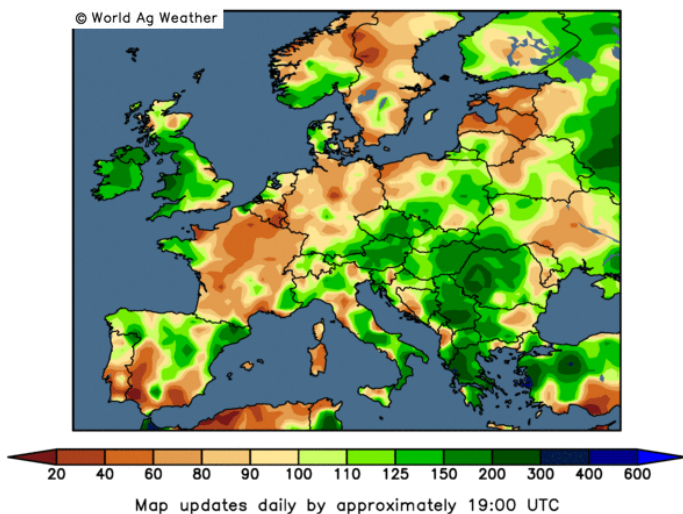
Wishing all readers, a nice season.





Rain Forecast EU and Received Precipitation:

90-day Precipitation Analysis
Percent of normal through 22 Aug 2020



GFS High-Resolution Precipitation Forecast
Days 1-7: 00UTC 24 Aug 2020 - 00UTC 31 Aug 2020
Model Initialized 00UTC 23 Aug 2020

