

Opportunities to profit in the spring

“Gross margins are all about yields”

Technical Spring cropping special

Spring crops can be as profitable as most winter plantings in 2018, other than wheat and oilseed rape. *CPM* looks at some of the alternatives.

By Lucy de la Pasture & Tom Allen-Stevens

Based on current crop values and input costs, the latest Agrii budgets show naked oats continue to offer the best margin prospects, followed by spring oilseed rape, milling oats, milling wheat and malting barley. Feed barley is again likely to generate the poorest spring cereal margins, although significantly ahead of beans, peas or linseed (see graph).

“Gross margins are all about yields,” stresses Agrii’s Paul Pickford. “If they yield well, our figures show spring crops are likely to deliver gross margins not far short of reasonably performing winter wheat and OSR crops.

“This is underlined by the latest three years of actual field-by-field margin data

from our Maximising Arable Performance (MAP) benchmarking group showing spring wheat, barley and oats generally outperforming all but winter wheat and OSR.

“Interestingly, the MAP data show the range in the average yield of key spring crops over the years is less than that of the winter staples, suggesting they may also carry less growing risk than often assumed.”

Forecast margins for 2018 are slightly higher than they were for last season due to marginally improved crop values, he notes. “But when considering risk, take into account the supply and demand position of the various crop markets, especially as the highest potential spring cereal margins come from milling or malting crops.

Growing pressure

“As well as pushing the traditional £10/t wheat to barley discount to nearer £20/t, increasing national production resulting from the expanding spring barley acreage could well put growing pressure on malting premiums. Strictly limited markets for both naked and milling oats must also be factored into the equation. As must the effect of large Group 1 winter wheat plantings on milling premiums and



Paul Pickford advises growers to make the most of futures markets and contracts to lock into prices and specific markets as part of their 2018 spring cropping strategy.

the availability of human food export opportunities for pulses.

“Under these circumstances, I would strongly advise growers to make the most of futures markets and contracts to lock into prices and specific markets as part of their 2018 spring cropping strategy. While the margin prospects for spring cropping look reasonable at the moment, we know how rapidly markets can change. And these tools allow this area of risk to be ▶

