

Dear client,

We are pleased to share with you our latest market report about the sunflower and pumpkin market.

If you have any questions or interests regarding our market information you can contact us through our contact details below.

## **PUMPKIN**

### China

Last period we have seen price dropping and decreasing day by day. Farmers and processors were trying to sell produced goods and their own stock. Overseas market only consumed what they need by that moment and bought hand to mouth quantities. Overseas market only consumed only bought hand to mouth quantities. The consumption was slow and prices were even lower than farmers plantings costs. Since the last two weeks, after a long period of decrease, we finally saw a price increase. Packers start holding volumes of raw material again and started speculating as well. The whole feeling in the market is that the bottom has been reached now and the risk to hold stocks seems not that big anymore.

On the other hand, our packers still do not see big demands from overseas markets. Our personal expectation is that price will rise further during the summer months as buyers have waited long with making contracts and a fact is that they need goods. Also, the availability of the seeds will slowly get less, what will cause a price increase during the next months. But after a long period of decrease, packers are still quite careful with collecting bigger volumes of raw material.

The South Part of Xingjiang province just finished plantings now. And first numbers tell us that plantings are about 30-40% less compared to current crop. Information on the total final crop will follow in our next update. We can say that these numbers are important for the prices of the new crop. Less material available will make the prices rise.

Our advice for the next months is to cover your current crop needs on time (May/June). This way packers can insure good quality. Many indications are telling us price will move up the next few months.

## SUNFLOWER

### East Europe

Current market prices are stable during the end of April and beginning of May. After a period of decrease, we expect prices to go up slowly during June and July. Simple because the material gets less and it is harder to find good quality seeds for hulling. Last couple of months packers did not hull big volumes of seeds, which makes chips/brokens harder to find. Normally they need to be aggressive in the market with the chips to sell them, but now the requests for good quality chips are higher than the availability.

New crop plantings were good and now mother nature will determine the further development of the crop. 90% of the total crop in Bulgaria has been planted and in Russia about 30% at the moment. The expected volume of the crop will be slightly higher than last year, but it will all depend on the weather of course. Two years ago we had a crop of about 2 million tons, last year 1,7 million tons and for next crop we predict 1,8 million tons.

There is still a big competition in Bulgaria and this crop was not very profitable for the packers. We believe that price will rise during the summer months (which is normal). As it is getting harder to find seeds for hulling and farmers play this same game every year. At the moment we see that packers are a bit holding back on offering new crop, but we see that for bigger volumes packers are willing to give sharp prices (September – December) or even (September – February) collections.

Normally the price during the end of the current crop will indicate the price for the new crop. Our expectation is that also new crop prices will rise during the summer months. We believe that current offers for new crop kernels are at an interesting level at the moment. Beside the price, our experience is also that beginning of the new crop will be a very hectic period as everybody wants their goods as soon as possible. Our advice is to cover the first months of the new crop on time to ensure you will receive goods. If you still need to cover goods of the current crop we also advise not to wait too long.

## Argentina

President Mauricio Macri implemented significant changes in the country's agricultural sector. First and foremost, he announced a 5% reduction of the export tax on soybeans and its byproducts and the elimination of export taxes on all other agricultural commodities. Because of these policy changes, Argentine grain producers and analysts see a favorable future for the country's grain industry. They expect a positive impact on planting decisions for 2016-17 and beyond. Wheat and corn are the two grains that benefit most from these policies, followed by sunflower. For the 2015-16 season, total grain production, may reach 115 million tonnes, 3.2 million of this will be sunflower.

## USA

Sunflower prices rallied this week at the crush plants. Old crop gained 35-40 cents and new crop added 30-45 cents. New crop NuSun cash prices are now at \$17.40 at Enderlin and West Fargo with Goodland at \$17.00. Crushers are still offering new crop Act of God (AOG) contracts for fall delivery as well. Something else to keep in mind is oil premiums that are paid on sunflower. Oil premiums are offered at the crush plants on oil content above 40% at a rate of 2% price premium for each 1% of oil above 40%. For example, a \$17.40 contract with 45% oil content results in a 10% price premium which pushes gross return to \$19.15 per cwt. ADM is offering additional 2016 new crop Act of God (AOG) high oleic sunflower contracts at Enderlin and Pingree, ND and Goodland, KS. When high oleic contracts were first offered at the ND locations this winter they were snapped up quickly with many growers still looking to contract 2016 production. This is an opportunity to lock in prices and diversify your crop risk this year. On The CBoT, traders will be focused on South American weather and harvest progress.

*Kindest regards,*

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