

Analyst's Insight: Increased Southern Hemisphere uncertainty

The completion of the Northern Hemisphere harvest is still some way off, [get a recent update here](#), but the latest forecasts have given a boost to confidence. [Last week's USDA report](#) reiterated US crop potential, despite weather concerns, and pointed to forecasts of further production surpluses being realised.

Nonetheless, changing weather reports are likely to remain a key market influence for some weeks yet, as attention switches to the Southern Hemisphere.

The Southern Hemisphere represents differing levels of importance to the global market, depending on the commodity. Wheat tends to provide a later season boost to global production levels, whereas maize and soyabean are a more integral part of global supplies. With this in mind, the production in the region has the potential to boost or further weigh on prices. The extent of that boost or weight is determined by the size of the Northern Hemisphere crops.

Historically strong maize and soyabean production is expected in 2015/16. For wheat and barley the picture varies between the two sides of the Pacific (Figure 1), but overall is largely neutral.

However, this year there is increased uncertainty over the forecasts as an El Nino phenomenon continues to

[Click here to see Figure 1, showing the difference between 2015/16 production forecasts across the Southern Hemisphere and the previous five year average.](#)

intensify in the southern Pacific Ocean.

Many parts of South America are currently experiencing higher than usual rainfall, which some weather forecasters have attributed to El Nino. The risk is that heavy rain persist into the wheat harvest and maize planting periods. This could potentially affect wheat quality and may reduce the maize area.

Maize planting commences in Brazil in September, with the bulk of crops across the region planted in October/November. If higher rainfall persists into the planting period, its effect will depend on just how much higher than normal it is. Elevated soil moisture levels could support crop development, while rainfall levels would need to be considerably higher than normal to disrupt planting and reduce the area.

In Australia, El Nino is normally associated with drier than usual conditions. Although rainfall has been below average over the last few months, the outlook for the key period (September – October) is neutral, with wetter conditions indicated for Western Australia. However, as seen in the Northern Hemisphere, markets are likely to remain on weather watch until forecasts are realised.

Helen Plant

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British grocery prices have been declining since September 2014 led by lower prices for staple products, such as bread.

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2015/16 global maize production is forecast to fall from last year's record level. However, production is likely to remain above the current five-year average, and thus the supply situation in 2015/16 is likely to be more ample than it seems on the surface.

Rape oil may reap benefits from soya's struggles: US trans-fat ban

Artificial trans-fats must be removed from food products in the US by July 2018. As processed vegetable oils are a source of trans-fats, this could affect US edible oil consumption patterns.

Competition from discounters creates challenge for bread prices

British grocery prices have been declining since September 2014 led by lower prices for staple products, such as bread. Changes to shoppers' buying habits and the associated continued growth of the hard discounters have been large influences. Forecasts suggest it could be a trend that we see continue into the near future.

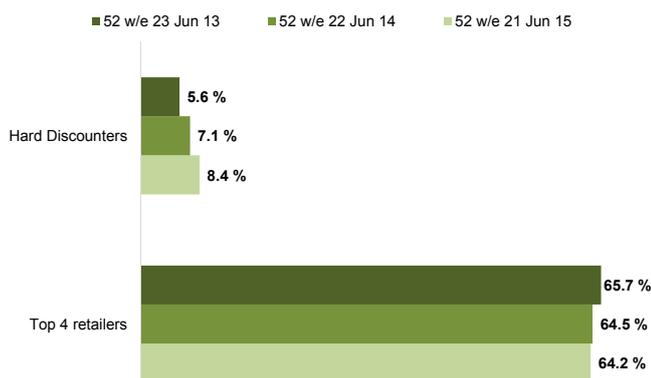
Rebecca Hughes, Consumer Insight team
rebecca.hughes@ahdb.org.uk, 02476 478700
 6 August 2015

Introduction

In the year ending 21 June 2015, bread sales at British retailers were valued at £1.8 billion, according to Kantar Worldpanel.

Collectively, the top four retailers (Asda, Morrisons, Sainsbury's and Tesco) accounted for just under two thirds of this, while the hard discounters' (Aldi and Lidl) market share of spend stood at 8.4%. As with total grocery sales, the hard discounters have been making ground in the bread category (Figure 1).

Figure 1 Share of money spent on bread products in GB retailers



Source: Kantar Worldpanel

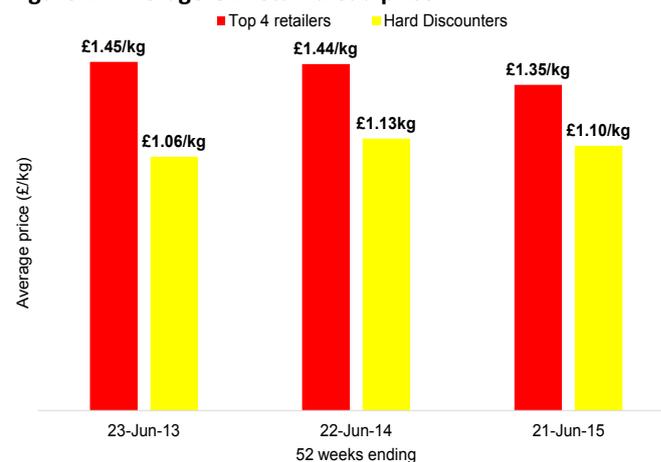
Retailers respond to low prices from hard discounters

As the hard discounters have been gaining market share, the other major retailers have had to respond and fierce competition between the grocery retailers has elevated the focus on price.

A move to everyday low pricing strategies by many major retailers has seen lower average prices for a number of staples, including milk, eggs and bread. This has consequently contributed to lower levels of price inflation. In fact prices for a representative basket of products measured by Kantar Worldpanel, fell by 1.6% in the 12 weeks ending 19 July 2015 compared with the same period in 2014.

Over recent years, the difference in prices for bread between the 'Top 4' retailers and the hard discounters has gradually been reducing (Figure 2). **Two years ago, bread bought at the 'Top 4' retailers cost, on average, 37% more than at the hard discounters; this now stands at 23%.**

Figure 2 Average GB retail bread price



Source: Kantar Worldpanel

Value of bread declining

In the 52 weeks ending 21 June 2015, 1.3Mt of bread was sold in GB retailers – largely unchanged from 2014. However, the retail price of bread was, on average, 5.5% cheaper than in the year ending June 2014. As a result of this, the value of bread sales in GB retail is down 5.9% over the same time period.

Although at the total market level sales volumes were flat and their value in decline, the hard discounters have managed to buck this trend. The volume of bread sold at these retailers rose by 14.9% year-on-year, with spend up 11.9%.

Part of this growth will be linked to wider footfall movements from major retailers to the hard discounters. In addition, occasional food discount shoppers are most likely to swap the fresh produce, dairy and bakery products they buy from supermarkets to hard discounters.

Looking ahead

Between now and 2020, the Institute of Grocery Distribution expects discounters (including grocery sales at the top 5 high street discounters) to be the fastest growing retail channel. Total money spent in all discounters is expected to grow by £10.5bn (82.2%) by 2020.

With their increasing popularity, discounter growth is expected to continue, albeit at a slower rate of growth than previously as they build on higher market shares.

Concluding comments

Grocery prices have been declining since September 2014 as retailers' pricing strategies adapt to the increased influence of the hard discounters. Although, the rate of decline has started to slow, prices aren't expected to increase until early 2016. This means there is likely to be a sustained period of downward price pressure on groceries, with staples such as bread at the forefront of this pressure.

Harvest makes headway in the northern hemisphere

Larger crops are forecast for winter wheat in the US and China, though wet harvest weather has caused some quality concerns. On the other hand, smaller crops are now forecast for the EU and Canada due to hot, dry conditions. Generally good yields have been reported for the importing regions of Middle East and North Africa.

Sarah Nightingale, External contributor
11 August 2015

Introduction

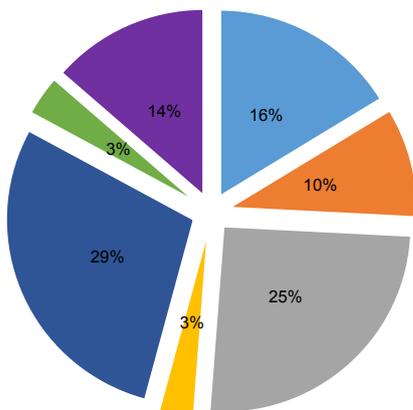
The harvest of wheat and coarse grains (apart from maize) in the Northern Hemisphere (usually) starts in March in India and finishes in Canada in October.

The maize harvest tends to be concentrated in September, October and November, except for China where it starts in July, and India where it takes place in November, December and January.

The Northern Hemisphere accounts for around 86% of total world grain production (Figure 1) so the progress of the harvest, yield and quality reports are very important for assessing the world's grain balance in any particular season.

Figure 1 World grain production by region (2015/16)

■ Europe ■ CIS ■ N & C America ■ NE Asia ■ Far E Asia ■ N Africa* ■ S Hemisphere



* N Africa plus Ethiopia and Nigeria

Source: International Grains Council

This article looks at the latest crop forecasts and harvest news from the principal producing regions of the Northern Hemisphere. Keep an eye on the [AHDB Cereals and Oilseeds Market News page](#) for part 2 of the Northern Hemisphere harvest update, which will be published in the next couple of weeks.

Winter wheat harvest almost complete in the US

The Soft Red Winter (SRW) wheat harvest in the US is nearly complete with less than 10% still to be harvested (in northern Ohio and Indiana). Despite this, heavy rain across the SRW regions caused delays to harvest and additionally, reports suggest that the quality of the SRW crop has been adversely affected. Test results have shown low Hagburg Falling Numbers (HFN) as well as mycotoxin contamination.

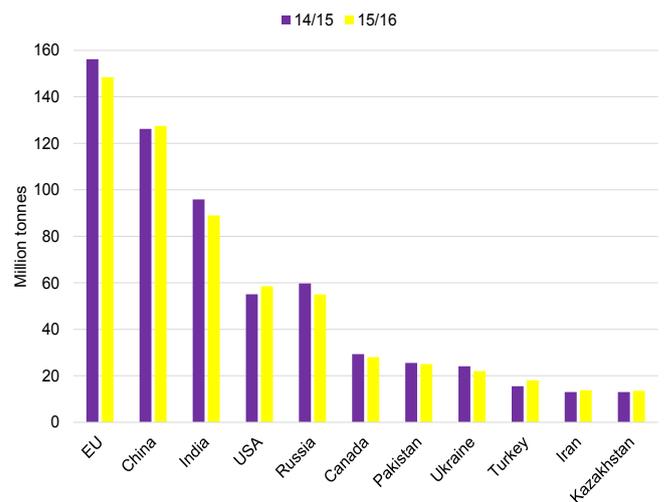
The Hard Red Winter (HRW) wheat harvest is also well advanced with over 50% complete in the northern producing states. HRW test results across the country suggest good HFN results. Although, the crop has slightly lower protein and specific weights than last year and there is also a higher level of damaged grains.

The spring wheat harvest has just started and was 8% complete as at 3 August. Rapid progress has been reported in the drought-stricken state of Washington.

Canadian winter wheat crop starting to make progress

Harvest of winter crops has just started in Canada. As the Prairie Provinces have suffered from drought and heat stress this year, the Ministry has reduced its projection for total wheat production by 2.6Mt, to 27.1Mt (29.3Mt in 2014/15, see Figure 2). Furthermore, barley production is now forecast at a record low of 6.9Mt.

Figure 2 Wheat production estimates (2014/15) and forecasts (2015/16)



Source: International Grains Council

The Alberta Wheat Commission projects wheat yields approximately 27% below the previous 5-year average. Additionally, only 31.5% of its spring wheat crop and 25.3% of its canola crop, is rated as being in 'good' or 'excellent' condition.

Saskatchewan's crop ratings are better, with 60%, 62% and 56% of spring wheat, barley and canola respectively rated as being in 'good' or 'excellent' condition, though lower than in recent years.

Ontario wheat is reported to be ripening at a slow pace due to cool, cloudy weather.

Hot weather damages EU maize but boosts harvest progress in France

Hot and dry weather across many European countries has led the EU's Monitoring Agricultural Resources (MARS) Unit to reduce its yield forecasts for all EU crops in July.

The most notable reduction (7%) was for maize, which suffered the most from intense heat and lack of rain during June and July.

The French winter wheat harvest was 86% complete by 3 August (1 percentage point ahead of progress at this point last year), having made rapid advancement in the last week. Yields are reported to be better than expected and generally good quality.

The durum wheat and winter barley harvests are complete in France. The spring barley harvest is 75% complete, well ahead of the 59% harvested at this point last year.

Figure 3 shows the latest official estimates for cereal yields and production in 2015 compared to last year's figures.

Harvest continues in Russia and Ukraine, although quality could be damaged by rain

As at 3 August, over 13Mha of crops, (28% of the area sown to grains and leguminous plants), had been harvested in Russia (Ministry of Agriculture). Yields are reported to be slightly down year on year at 3.24t/ha (3.40 t/ha last year).

Around 34.6Mt of wheat had been harvested from 10Mha, or (37.7% of the planted area) and 5.4Mt of barley had been harvested from 2Mha (21.9% of total area).

The average wheat yield to date was reported at 3.45 t/ha, down from 3.62 t/ha last year, while the average barley yield was 2.76 t/ha (down from last year's 3.02 t/ha).

It should be noted that rains at the beginning of harvest in southern regions caused delays and may also have some adverse effects on quality.

The grain harvest began in early July in Ukraine, and the Ministry of Agrarian Policy reported that as at 4 August around 9Mha had been harvested.

Wet weather and separatist fighting in eastern Ukraine are reported to have caused delays to this year's harvest. The average wheat yield to date is reported at 3.77t/ha (down from 3.87 t/ha last year). Barley yields are reported at 2.96t/ha (down from 2.99t/ha last year).

86% of the wheat area had been harvested with reports suggesting that approximately 22.8Mt had been gathered. 92% of the barley area had been harvested, producing 7.4Mt.

Average yields up on last year as harvest begins in Kazakhstan

Harvest has begun in Kazakhstan, where the Ministry of Agriculture reported that just over 1Mha of wheat had been harvested as at 3 August.

Average yields, so far, are up from last year's 1.2t/ha to 1.7t/ha. Higher yields along with a 6% increase in the wheat area are pointing towards higher what production for Kazakhstan.

Harvest complete in the Middle East and North Africa

Favourable weather conditions prevailed over the Middle East and North Africa, where harvests are now complete.

Yields in Turkey have recovered and wheat production is seen up 16% year on year at 18Mt (see Figure 2).

Iran's wheat production is up 6% to 13.8Mt, while barley production remains at the same level year on

Figure 3 EU-28 yields and production forecasts

	EU yield estimate and forecast (t/ha)				Production (M tonnes)		
	2014	2015	5-yr avg.	%ch 15/14	2014/15	2015/16	%ch 15/14
Total wheat	5.9	5.6	5.4	-5.6	156.4	147.3	-5.8
- common wheat	6.1	5.8	5.7	-5.4	148.8	139.5	-6.2
- durum wheat	3.3	3.2	3.3	-4.3	7.6	7.8	+2.6
Total barley	4.9	4.6	4.5	-5.9	60.2	56.5	-6.3
- spring barley	4.2	3.9	3.9	-6.9	-	-	-
- winter barley	5.9	5.6	5.4	-5.6	-	-	-
Grain maize	8.1	6.7	7.0	-16.9	77.8	65.5	-15.7
Rye	4.2	3.7	3.6	-12.4	8.7	8.1	-6.9
Triticale	4.5	4.2	4.2	-7.7	13.0	11.7	-10.8
other cereals	3.2	2.9	3.6	-8.0	13.0	12.8	-1.5
Total cereals	5.7	5.2	5.2	-9.0	329.0	301.7	-8.3
Rapeseed	3.6	3.2	3.1	-10.8	24.3	20.7	-14.8
Sunflower	2.2	2.0	1.9	-9.2	9.1	8.2	-9.9

Sources: EU MARS Bulletin, July 2015 (yields)
EU Commission balance sheet, July 2015 (production)

Continued....

year (3.2Mt). While cereal trade to this country was expected to become easier following the recently agreed lifting of EU and US sanctions, the recent imposition of tariffs on wheat and barley could render imports from most origins uncompetitive.

North Africa, which is an important wheat importing region, is estimated to have increased its wheat production by 3Mt this year to 20.9Mt. This is due to better crops in Algeria, Egypt, Libya and Morocco.

Quality of Chinese wheat could be dampened by rain during harvest

The winter wheat harvest (around 95% of total wheat production) in China is complete, and spring wheat harvesting is underway in northern areas. Total wheat production has been forecast to have increased by 1.3Mt to 127.5Mt (year on year, International Grains Council). However, heavy rain during harvest in Henan and Anhui Provinces is likely to have caused quality problems.

The government has been sending out technicians and drying equipment to help farmers, but it is believed there may be quite large stocks of poor quality wheat.

Pakistan has harvested a good crop of 25Mt of wheat this year, just 2% down on last year's record.

Production in India, however, was 7% lower at 89Mt.

Concluding comments

Wet weather through the harvest period has affected the quality of winter wheat in China and SRW producing states of the US. On the other hand very dry weather has affected yields in the north-west US, Canada and southern EU.

Focus is now on the prospects for maize yields in the US, EU and Ukraine, which will be highly dependent on the weather in August.

Key Points

- US SRW quality has been affected by wet harvest weather
- Crop forecasts in Canada have been lowered due to hot, dry weather in Prairies
- Good crops in importing regions of Middle East and North Africa

Maize – above average supply for 2015/16

2015/16 global maize production is forecast to fall from last year's record level. However, production is likely to remain above the current five-year average, and thus the supply situation in 2015/16 is likely to be more ample than it seems on the surface.

Anna Lockwood, Market Specialists team
Anna.lockwood@ahdb.org.uk, 02476 478698
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Introduction – Let's get global

The latest World Agricultural Supply and Demand Estimates (WASDE, released 12 August) from the USDA forecast global maize production in 2015/16 at 986Mt, 20.6Mt lower than last year's record crop, which is estimated to have reached around 1,006Mt.

Despite a lower level of production, the level of supply (opening stocks and production) is forecast to increase by 1.8Mt, in comparison to 2014/15, to 1,180Mt. The higher level of supply has occurred as a result of large opening stocks building up, after last year's record harvest led to a maize surplus.

It is also worth noting that global supply is forecast to exceed the five-year average by a notable 122Mt.

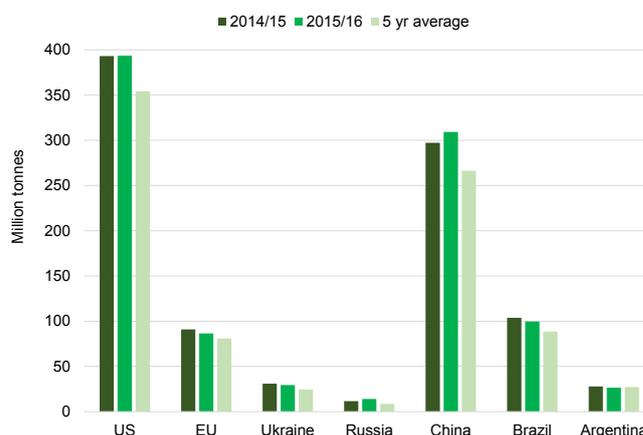
Looking more closely at the leading global exporters of maize (Figure 1), it appears to be a similar story. This article takes a look at the 2015/16 production and supply situation in the context of the previous five season average (2010/11-2014/15).

Supply down in the US but crop reports looking up

Current forecasts suggest that production in the US (the leading global maize exporter) will fall 13Mt year on year to 348Mt (Figure 1).

However, high levels of opening stocks, estimated to be 14Mt higher in comparison to last year, are helping to cushion the lower forecast. Consequently, the level of supply from the US in 2015/16 is expected to reach 393Mt, up 0.3Mt year on year (Figure 2). It should also be noted that both production and supply forecasts remain above the five-year average.

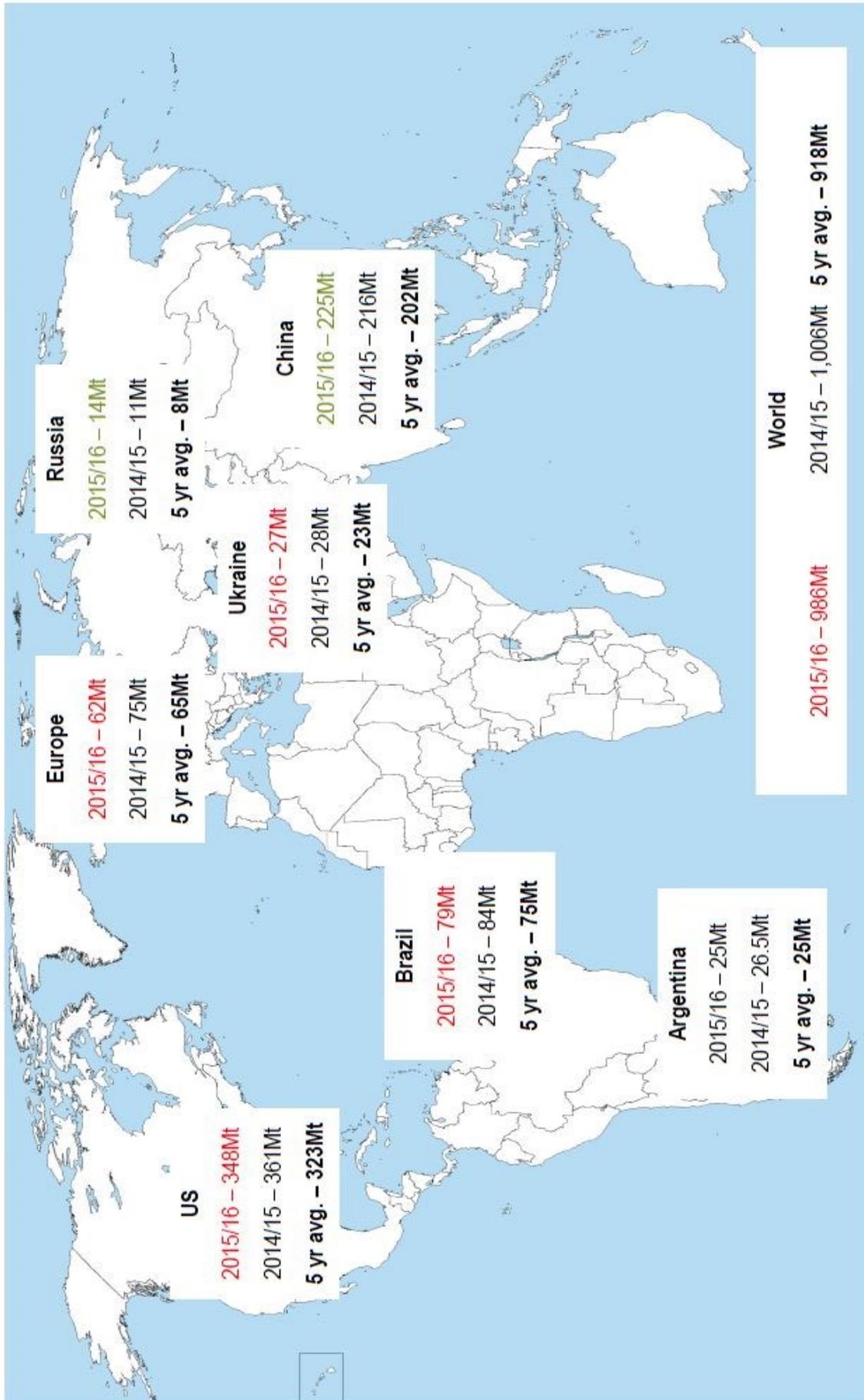
Figure 2 Maize supply (opening stocks, production and imports)*



*Global supply = opening stocks and imports only

Source: USDA

Figure 1 Global maize production situation



Source: USDA

Furthermore, the crop situation in the US is looking gradually more positive, as reports show largely settled weather conditions continuing through August for the 'US corn belt' (Commodity Weather Group). Consequently, the August yield forecast in the latest WASDE was revised up slightly (0.01t/ha) from last month's projection to 10.6t/ha.

Large crops forecast despite the heat in Ukraine

In Ukraine, the third largest global maize exporter (according to 2015/16 forecasts by the USDA), maize supply is forecast to reach 29.3Mt in 2015/16, down 1.7Mt year on year. The decrease has been influenced by a 1.5Mt decline in the forecast level of production in comparison to last year.

Despite the fall in production, current predictions for 2015/16 remain above the current five-year average. However, recent hot and dry weather has raised questions over the potential of particularly later planted crops, which could affect yield prospects. More will become known as the maize harvest progresses. However, if we see a lower level of production, it could influence global export trends, as Ukraine are anticipated to export around 14% of the 2015/16 global forecast.

Russia bucking the trend

Russian maize production is forecast to buck the general trend and to increase by 2Mt year on year. Furthermore, the level of production is anticipated to be around 5Mt above the current five-year average.

Maize supply is also forecast to increase by 2.3Mt in comparison to last year, and 5.4Mt above the current five-year average.

European production remains above average – but has the heat damaged potential?

Looking at Europe as a whole, according to the August WASDE, maize production is forecast to fall by a fairly notable 12.9Mt in 2015/16. Production forecasts were downgraded by 3.52Mt in comparison to the July WASDE, due to the deteriorating condition crops in certain regions (read more below). If forecasts are realised then the crop will fall 2.8Mt below the five-year production average.

Supply is forecast at 86.4Mt and although this is down from 90.9Mt estimated in 2014/15, it is still more than 5.5Mt above the five-year supply average.

After a bumper crop in 2014/15, opening stocks are forecast at 9.1Mt, up 2Mt year on year. This is beneficial, as production could be jeopardised in regions where intense heat and dryness has recently stressed crops.

In western and southern regions of the EU, maize crops have endured hot and dry weather conditions through July, which has consequently affected yield potential.

Reports from FranceAgriMer reveal that maize crop conditions in France, the largest maize producer in the EU, have fallen for seven consecutive weeks, read more here.

According to the International Grains Council (IGC), 2015/16 French maize production is forecast at 15.8Mt in July, down 0.2Mt in comparison to the June forecasts. If weather conditions do not improve, we could see further revisions to the production figure, dependant on the extent of the crop damage.

If supply levels fall further than anticipated, then a more bullish trend could be seen for EU maize prices in comparison to previous years. From a UK perspective, this could mean that wheat could be the more favourable option for livestock farmers. Furthermore, this could potentially help to reduce some of this year's wheat surplus plus the large carry from 2014/15. Click here to read more on wheat and maize price relationships this season.

The South American maize situation

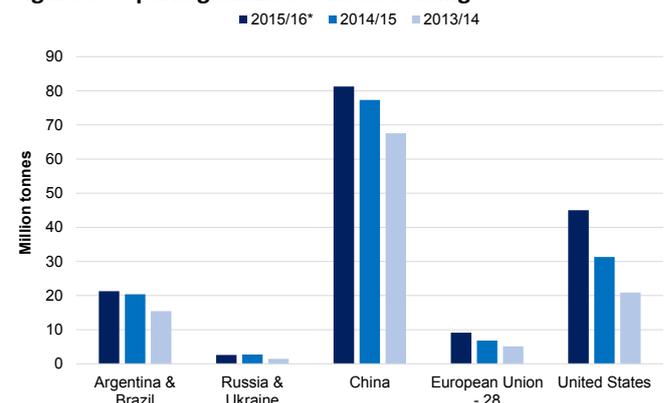
In 2015/16 maize production in Brazil is forecast to fall 5Mt year on year, to 79Mt. Supply is also forecast to fall by 4.2Mt, but is anticipated to remain above the five-year average.

In Argentina, 2015/16 production is currently forecast at 25Mt, down 1.5Mt compared with 2014/15 production estimates. Furthermore, the production forecast is at the same level as the five-year average. Argentine maize supply is forecast at 26.5Mt, slightly below the five-year average of 27.2Mt.

At this point in the year forecasts for South America should be treated with some caution. Although they can be a useful indication, it is important to remember that crops are still to be planted (October/November are the main maize planting months), and a lot could change.

2015/16 opening stocks for Brazil and Argentina are currently forecast at 19.8Mt and 1.5Mt, respectively (Figure 3). For Brazil, if forecasts are realised it would be a record level of opening stocks, providing beneficial cushioning to offset the forecast drop in production.

Figure 3 Opening maize stocks increasing



*f/cast

Source: USDA

Despite a high level of opening stocks forecast, if US maize prices remain uncompetitive on the global market, it could provide the opportunity for South American supplies to fill the gaps. This could in turn lead to a lower level of opening stocks for the South American exporters, which could alter levels of supply available in 2015/16.

Chinese farmers switch to maize from cotton and soyabeans

Production in China (predominantly for domestic use) is forecast to increase to a record high of 225Mt, up 9.3Mt year on year and 23Mt above the current five-year average. Supply is forecast to reach 309Mt in 2015/16, up 12Mt year on year.

The increase comes as high prices and government subsidies have attracted farmers to switch to maize over soyabeans and cotton. The harvested maize area is anticipated to be around 2% higher year on year. Despite the higher area, imports are forecast at 3Mt (1.3Mt below 2014/15 estimates), although if production levels are not reached then there is potential for the imports forecast to increase.

Concluding comments

It is clear that a lower level of maize will be produced in 2015/16. However, when comparing forecasts to the current five-year average, a majority of the major global suppliers are likely to exceed the average level of

production. Crop conditions in the EU will be closely watched over the coming weeks, as further deterioration in crop condition could lead to additional production forecast revisions.

High opening stocks will help to provide protection from lower production, although, the extent depends on final levels of output for the leading global suppliers.

Looking at the bigger picture, global maize demand is continuing to grow and is forecast to increase to 988Mt in 2015/16. Demand has grown to a record level, and will continue to grow along with evolving diets and global population. The main question is whether supply will be able to keep up with demand, or will growing economic issues pose a threat to long term global maize supply?

Key Points

- Global maize production is forecast to fall by 20.6Mt year on year
- Supply levels for most major exporters are expected to fall in comparison to last year but remain above the five-year average
- If unfavourable weather conditions continue in the EU, final yields could be further downgraded

Rape oil may reap benefits from soya's struggles: US trans-fat ban

Artificial trans-fats must be removed from food products in the US by July 2018. As processed vegetable oils are a source of trans-fats, this could affect US edible oil consumption patterns.

Amandeep Kaur Purewal, Market Specialists team
amandeep.kaur.purewal@ahdb.org.uk, 02476 478954
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Introduction

On 16 June 2015, the US Food and Drug Administration (FDA) revealed that partially hydrogenated vegetable oils (PHOs), the main source of artificial trans-fats, would have to be removed from US food products within three years. This article provides a brief overview of trans-fats and vegetable oils, and the implications of the ban on US edible oil consumption.

What's wrong with trans-fats?

Trans-fats have been linked to increasing the risk of heart disease. The FDA have moved to ban artificial trans-fats in US food products. Naturally occurring trans-fats are present in dairy and meat products, but

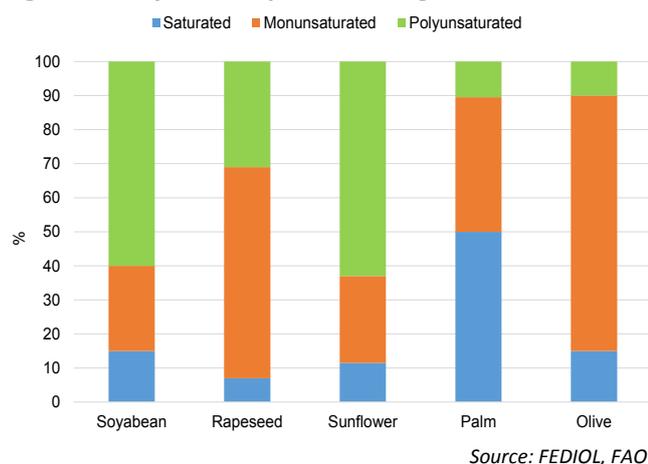
there is not sufficient evidence to determine whether or not that these are harmful to human health.

What are PHOs?

In order to improve their shelf-life, vegetable oils may be "hardened" or hydrogenated. Hydrogenation leads to the oil having a solid structure like saturated fats, for example lard and butter. Partial hydrogenation is a sort of half-way house; it makes the oil more solid but still spreadable - plus it's cheaper than going all the way to a saturated fat. The problem, though, is that partial hydrogenation gives rise to trans-fats.

Which oil is more at risk of becoming a PHO?

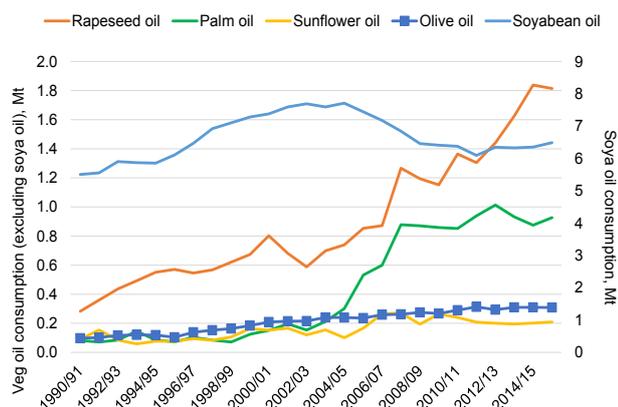
The potential of a vegetable oil to become a PHO during hydrogenation depends on its fatty acid composition (Figure 1). Oils containing a high proportion of polyunsaturated fatty acids (such as soyabean oil) are more likely to be partially hydrogenated and thus, form trans-fats. Monounsaturated fatty acids, mainly found in rapeseed and olive oil, are less likely to become partially hydrogenated.

Figure 1 Fatty acid composition of vegetable oils

Opportunity for rape and palm to steal soya oil's demand?

Soyabean oil is by far the most widely consumed edible oil in the US, however, it is the most prone to form trans-fats. Based on their fatty acid profiles, palm oil and olive oil appear as the best alternatives as they have higher levels of both saturated and monounsaturated fats.

The higher cost of olive oil relative to palm (the cheapest global vegetable oil), is a key factor. Due to this, palm oil could be the main benefactor as a result of the FDA's crackdown on trans-fats. The lower polyunsaturated fat content of palm oil may be an advantage in producing less trans-fats upon processing, but its high saturated fat content may be off-putting to health conscious consumers. This may be why growth in canola (rapeseed) oil consumption in the US has outstripped that for palm oil (Figure 2); and canola oil consumption (edible) is second only to soyabean oil.

Figure 2 US edible oil consumption

Closing comments

Despite the FDA's announcement in June, the potential dangers of trans-fats were already well-known. Since 2006, US food manufacturers have had to include trans-fat content information on food labels and according to the FDA, trans-fat consumption in the US fell by around 78% between 2002 and 2012. Looking at Figure 2, this happens to coincide with an overall decline in edible soya oil consumption to the benefit of canola and palm oil, so it appears that soya oil demand has already been affected. Enforcement of the trans-fat ban may well continue the trend shown in Figure 2. The American Soyabean Association has estimated that US farmer income from soyabean oil could decline by more than \$1.6 billion.

Total US soya oil demand over the past decade, however, has grown at a rate of around 1% per annum. This is mainly due to increasing industrial demand for soya oil, primarily in biodiesel production. Nevertheless, the point is that total consumption could have grown at a higher rate if edible demand had not declined.

High-oleic soyabean oil, could be the answer to salvage some edible soya oil market share in the long term. High-oleic oils contain a higher proportion of the monounsaturated oleic acid. For example, the proportion of monounsaturated fats in hi-oleic sunflower oil is four times higher than in conventional sunflower oil, while the polyunsaturated and saturated content is lower. Soyabean and rapeseed oil can also be modified similarly.

High-oleic oils, however, are a niche market at present. US company, QUALISOY, predicts that around 180Kt of hi-oleic soya oil could be produced in the US in 2017. To put this in context, conventional soya oil production in 2015/16 is forecast at 9.8Mt by the USDA.

In the future, though, US high-oleic soya oil can expect a fight from high-oleic canola oil. It's estimated that around 15% of this year's Canadian canola crop will be high-oleic (The Western Producer). Having won some market share from soya oil, canola oil producers are not willing to give this up easily.