

## **Margin gap prompts Sintal to cut back winter wheat**

Sintal Agriculture is slashing wheat area for oilseeds, despite soaring global prices of the grain, citing margins a fraction of those gained from crops such as rapeseed and soybeans.

The Ukraine farm operator revealed it had halved, to 19,400 hectares, the amount of land sown to winter wheat, which last year suffered relatively high rates of losses in Ukraine to a cold winter.

Much of the spare area was switched to barley, for which plantings were raised by 51%, and to accommodate a tripling to nearly 16,400 hectares in winter rapeseed sowings.

Even so, it cut overall winter seedings by some 6,000 hectares, fostering a switch to so-called "technical crops", a segment which includes corn as well as the likes of soybeans and sunflowers.

### **Margin gap**

Sintal analysis has shown the margins from technical crops at 60% and "sometimes 70%", compared with 19% from winter wheat in 2008 and 2009, a company spokesperson told Agrimoney.com.

"We have found winter wheat more vulnerable to weather conditions," the spokesperson said.

Meanwhile, wheat prices in Ukraine have suffered from the country's imposition of export quotas following a disappointing harvest.

The price of soft milling wheat, for instance, has flatlined at \$199.50 a tonne since mid-November, according to UkrAgroConsult, a period in which Chicago wheat has risen by some 12%, and Paris milling wheat by about 11%.

"We would like to reduce winter wheat even more, but you need it to rotate with other crops," the Sintal spokesperson said.

### **Rapeseed squeeze**

However, rapeseed producers have been able to continue to export, notably to the neighbouring European Union, where, thanks to crop shortages, crushers look set to see a decline to 22.2m tonnes in their processing volumes in 2010-11, despite healthy margins.

Paris rapeseed on Tuesday touched E459.75 a tonne for February delivery, the highest for a spot contract since August 2008.

The one downside for Sintal in growing rapeseed was the need to harvest it "really fast", with the crop's ideal maturity lasting for only two or three days, the company spokesperson said.

**Agrimony**