Current situation and market assessment for the 2024 harvest

Ladies and gentlemen,

We thought the last potato year would go down in history as extremely volatile, but the rollercoaster ride continued with the current harvest. The potato market has become difficult to predict. But that's what makes it so interesting for you, the professionals in this business.
But some “potato wisdom” also applies this year:

- The weather is the merchant!
- Potatoes are like weeds. You should never write off a potato plant until it has died.
- Expensive potatoes never come to an end! (...and are then no longer expensive)
- The area under cultivation and the willingness to cultivate is controlled by money! Potato cultivation is and remains structurally very attractive.

Headlines of the year:

> - In the 2023 harvest year, we saw spot prices ranging from €10.00 to over €60.00/100 kg.
> - We have imported significant quantities of potatoes from Egypt, southern Europe and Scandinavia for processing.
> - There have been significant cultivation programs from Bordeaux.
> - First early table potato prices of over €80/100 kg. Even at the end of August, prices of over €25.00/100 kg are still attractive.
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> - At the opening of the early potato season in the Palatinate on June 4, more than 25% of the potato areas in Belgium, the Netherlands and the Rhineland had not yet been planted due to persistent rainfall.
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> - Despite much less available seed potatoes and major challenges in cutting seed potatoes, there was a significant expansion of acreage in D, B and F.
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> - Since the end of June, there has been consistently potato weather, but also extreme late blight pressure.
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> - Extreme flooding damage in Bavaria led to the total loss of more than 1000 hectares of potato land. Heavy rainfall events also left their mark in the north and west of the country.
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> - Structural damage in the soil due to the very difficult harvest conditions of the previous year.

- The 2024 contract prices were increased again and, due to the shortage, the supply of seed potatoes was linked to contract cultivation. In retrospect, this turned out to be a stroke of luck. Farmers are currently primarily supplying contract goods at attractive conditions.

For free and speculative cultivation, things have turned out differently than some expected for the harvest delivery. There has been little or no demand for free potatoes in recent weeks.
The processing industry took action very early and secured all the old potatoes. The plant vacations have also been extended or postponed. Old potatoes still have to be processed in the next 14 days: For some farmers, this is delaying the call-off of early contract goods until September.

Normality has also returned to the table potato market. All regions are currently able to supply themselves locally and in the traditional export areas, overdue early varieties are still waiting to be marketed. However, we are optimistic that marketing windows will open up in the peeling and export markets in the coming weeks and months.

The mood in the sales market for finished products is currently somewhat gloomy. Extremely high raw material prices are also making competitors in Asia and North America competitive and European processors are once again having to fight for their position on the global market. Despite cheap raw materials on the spot market, not all production facilities are currently operating at full capacity.

But is the current sentiment backed up by facts? I would like to address this in the following.

In the EU 4, we have a notable increase in cultivation of 6% on average. In Germany and France in particular, the areas have expanded significantly, but there are also 5000 ha more potatoes in Belgium.

As there was not enough available seed potatoes of the varieties in demand, the expansion is primarily based on dual-purpose and early varieties from the table potatoes segment. Despite wet weather, many of these varieties achieved the required starch and, above all, the oversize percentage.
Furthermore, some commercial varieties in the starch potato areas were converted to dual-purpose. All available chip varieties have been planted out. Some new varieties grow larger and are excellent for chips.

The early varieties have produced average, decent yields in all regions. Early-planted follow-on varieties also showed good results in the trial plantings. As a result, the feared supply shortfall in mid/end August did not occur.

The expansion of cultivation has mainly taken place among farmers who have no storage available. Supply pressure will therefore continue for the time being.
Good, heavy-skinned, firm-skinned potatoes are already being traded significantly above prices. Anyone who can store potatoes temporarily should do so.

After the coronavirus crisis, the processing industry is setting the benchmark for arable farmers in Europe with very attractive contract prices.
No other crop can even come close to generating these contribution margins. But no other mass crop causes such high production costs and harbors such cultivation risks. Potato cultivation will therefore shift even further towards the top specialists.

The necessary seed potatoes for the potato professionals will be available in the coming year. Propagation areas have been expanded and many farmers have taken appropriate measures to ensure a reliable supply.
Seed potatoes are also available for the early programs in the Palatinate and eastern Lower Saxony for next year. We will soon be on the market with attractive conditions for special programs.

Early table potatoes from the import regions and from the early regions in Germany were marketed very quickly and at record price levels right from the start. The market was already empty by mid-June, meaning that loose-skinned early potatoes were also used in the food retail sector. Our quality programs to the Benelux countries went according to plan and generated very adequate outcomes. Contrary to the hopes of speculators, the processing industry had no need to purchase dual-purpose varieties from the food market this year.

The processing industry was very relaxed during the transition from harvest 23 to 24, despite late planting. For our company, the strategy of not contracting large quantities until week 31 has proven to be the right one.
Processing volumes in June and July were below the previous year's level. We hope that this trend will soon be reversed.

For the early varieties, we can draw a first conclusion.

The early table potato varieties have brought good yields and excellent incomes for producers.

The early planted French fries varieties Premiere and Amora were able to present themselves with good yields. Newer varieties such as Austin, Francis and Morris performed very well.

The Zorba variety produces good yields in almost all locations. It is well known that this variety poses a major challenge to growers in wet years when it comes to controlling late blight. Innovator has had average yields to date. Sinora once again confirms its robustness, but does not show the top yields from other years.

Early potato chips cultivation was largely switched to Lady Rosetta, which presented itself early with good baking qualities and average yields.
Newer varieties in this area, such as Punchy, Beyonce and Norman, were able to demonstrate their potential.

- Due to the delayed start of the harvest, marketing of the connecting varieties will continue until mid-September.
- Good, firm-skinned ware potatoes are particularly in demand in the southwest of the Netherlands for the export markets. Naturally, the supply now will become much greater.
- The export markets will hopefully pick up speed soon.

In our opinion, the main harvest is as follows:

The weather of the last two months in the main growing regions has ensured that, with the exception of the late-planted stocks, the harvest has been average. It remains to be seen what will happen to the late-planted potatoes in the current dry and hot weather.

In our opinion, the losses from early problems, late blight, flooding, waterlogging and hail damage are compensated for by the expansion of cultivation.
Almost all varieties show a significantly higher tuber set than in the previous year. Many standard varieties will struggle to reach the required length specifications. Fastfood varieties will therefore be in high demand throughout the season and will be priced well above the standard market.

Normally planted crops are currently ageing very quickly and, based on last year's experience, farmers will encourage these crops to mature early and store them.
The late-planted stocks are still very vigorous. If these crops continue to grow for a few more weeks, there may still be significant growth. However, it is precisely for these crops that farmers must once again take the risk of very late harvesting. And the European fields are still very wet and do not have an optimal soil structure. That's why we only settle accounts when everything is in storage. Experience from 2023 has taught us that.

There is no doubt that our climate is changing. We are also increasingly affected by extreme weather conditions.
In the future, production techniques and our choice of varieties will have to adapt even more to climatic and political conditions. The time windows for planting, plant protection measures and harvesting are getting smaller and smaller. Therefore, state-of-the-art technology and maximum efficiency are a must in the potato cultivation of the future. This cultivation year has shown how important the availability of appropriate active substances is for plant protection measures.

European breeders are also facing up to the challenges of the future on a daily basis with their conventional, yet modern breeding work. The aim is to breed new varieties that can cope with these changing conditions. You can get an idea of the current breeding progress on the trial plots and come in dialog with the specialists. Please make use of this opportunity and request the information you require on the respective varieties.

All the well-known onion seed compnaies have also exhibited their new and proven varieties on our trial field. You can also find out more here.

Trial harvesting and harvest estimation:

Many results of the trial harvests from all important growing regions are available.

We expect an average yield in the HAFPAL region. The availability of raw material will be slightly higher for all segments due to the expansion of cultivation. The starch factories will also receive slightly more raw material than in previous years.

The late-planted potatoes still have growth potential, so that a reliable harvest estimate cannot be made until mid-October.

A brief word on organic cultivation

Due to the high pressure of late blight, the availability of organic produce will be limited. We have had a small amount of French fries produced. At the moment, we are also looking for second quality of the food market for flake processing.

What can we expect in the coming months?

It is planned to supply the factories with potato raw material under contract until the end of October. For Innovator and other fast food varieties, the market is also receptive to free potatoes.

At present, we hope that the current prices have reached the lower limit of the market.
In the next few weeks, the agreed contract quantities will have to be processed.
There is already a need for additional purchases for deliveries from storage.

The processing industry has created considerable capacity and further investments are being made. We will also need raw materials for this in the future. In 2035, we will probably need another 50,000 hectares of additional cultivation.

Can this be realized? Yes, because there is still sufficient potential in France and Germany, given the current attractive conditions.

Seed potatoes

The acreage of seed potatoes for the processing segment has been significantly expanded again compared to 2023. The trade, farmers and growers have taken considerable measures to spread the risk of seed potato supply in the future.

The tuber set in most propagation areas is good. We expect average yields with good seed potato grading.
We and the agricultural sector also need to invest in the proper handling of seed potatoes. Big bags, tipping troughs and trailers are not a seed potato store. Many emergence problems were also due to this, not always proper, handling of seed potatoes.
The fact that high-quality seed potatoes are the basis for a good harvest is something that many farmers are experiencing in their growing operations.

You can find out about news from the European seed potatoe companies and availability outside in the trial fields. Please make use of this opportunity.

Harvest 2024

Even though there are still major uncertainties at the present time due to the late planting, we would like to forecast the following harvest volumes today.

- Germany: 11,00 - 11,50 Mio. to
- EU 4: 22,50 – 23,50 Mio. to

We therefore estimate that the harvest will be slightly larger than last year. We expect a good harvest, particularly in the large potato state of Lower Saxony and in the east of Germany.

As the European industry started harvesting approx. 1 week later than planned, we expect a good harvest to cover demand. Moderate raw material prices should also give processors the opportunity to regain market share, and the starch, flake and granulate industries will also be able to process larger quantities.

What does this mean for the coming months and what price curve can be derived from it?

Table potato market:

We expect further price adjustments for table potatoes in the coming weeks. Nevertheless, good, firm-skinned potatoes will remain in demand. Some suitable varieties and big grades will also be sold on the export market.

There are good sales opportunities for triplets in the table and processing sectors.

We expect prices of between €27.00 and €35.00/100 kg for ware potatoes. From the turn of the year onwards, there will be corresponding mark-ups for boxes and cold storage potatoes.

processing market:

For the harvest period, we expect the price for standard varieties to be around today's level.
Fastfood varieties and Agria for export as well as other specialty varieties will be priced significantly higher.

We expect prices for processing potatoes from storage to be around the contract price. Fastfood varieties are valued above the contract price. We estimate the difference between standard and fast-food varieties to be greater than in previous years.

As there will be very little demand for contract-free potatoes during the harvest phase, batches of weaker quality will have to flow into alternative uses, such as starch, flakes or granules.

Top quality Agria from long-term storage will certainly be at the upper end of the quotations again - also due to the demand from southern Europe that has already started.

Those who can store for a long time will certainly not panic today. Those who have good raw material in storage in May, June and July will also have enough time and patience to wait for good marketing opportunities in the future. This has been proven in recent years.

Extreme years are a major challenge. But it is precisely in extreme years that the wheat is separated from the chaff. In recent weeks, our company has proven that it is a reliable, secure supplier of raw materials even in extreme situations. And for us, the acceptance and delivery of contract goods is and remains our top priority.
There is also no doubt that structured contract farming will continue to be our company's business model.

We see ourselves as a partner to the major industries, packaging companies and breeding houses. And especially in difficult years, with challenging qualities, with new and sometimes exotic varieties and with scarce seed potatoes, we have proven ourselves to be a strong, reliable partner to European agriculture. We say what we do. And we do what we say!

We offer and use every opportunity in the potato market.
We grow together with our customers and farmers.

The challenges cannot be big enough for the Weuthen / RWZ potato group. Only then will our team be in top form. The last planting season and the last few weeks have proven this. We would therefore like to take this opportunity to thank our colleagues.

An outlook for 2025:

We will soon be on the market with early special programs.

Sufficient good quality seed potatoes are expected to be available for the coming year.

Even if there may be a dip in between, the demand for raw materials will continue to grow. The processing industry will continue to compete for reliable, good potato growers and reliable partners in the value chain. Weuthen, KCB and our colleagues from the RWZ potato group will certainly continue to be a partner of the European potato chain in the future.

European processors face global competition. It is not just North America that is competing for the world market. Factories are also being built in China, India and South America with the aim of exporting to growth markets. It is therefore important to remain competitive.
But European industry and European farmers are facing up to these challenges. This can only be done together and not against each other.

The global market for frozen potato products continues to grow. The specialized potato professionals as well as the upstream and downstream industries can and will continue to benefit from this boom.

The highly committed Weuthen team and all RWZ potato subsidiaries wish you good and interesting discussions and continued good and trusting cooperation.

Schwalmtal, den 29.08.2024 Ferdi Buffen