**Gleadell Market Report**

**Immediate – 13 November 2015**

**David Sheppard, Gleadell’s managing director, comments on the wheat market**

Global markets have weakened over the past week, driven by a bearish USDA report, especially for US supplies.

US exports were cut for both corn and wheat, resulting in stocks being raised higher than trade expectations. Although US wheat has fallen $11/t, export prices still remain heavily overpriced against other origins. This leaves the possibility of further downgrades in exports from the current estimate, already the lowest since the 1971/2 season.

US corn prices have also weakened as global stocks rose 24mln t month on month (mostly in China) following a multi-year revision of domestic use. China now holds 54% of global corn stocks, which could reduce its hunger for imports. This would have a major impact on US sales/exports.

In the EU, MATIF prices are down €3/t on the week, although they have been partially supported by a weaker currency. French vessel line-up remains extremely thin, keeping spot cash markets under pressure.

It is of interest that in the recent Egyptian tenders, little or no wheat has been offered from either Romania or the Ukraine. Whether this is due to increasing difficulties in finding the spec, or a possible reaction from the Ukraine over new crop concerns, will become clearer in the coming weeks/months.

However, at present EU exports, running 27% down year on year, look heavily overstated, with wheat stocks likely to rise well above 20mln t.

UK prices are down just £1.50 on the week, despite currency firming. Official data for September showed exports increasing to a mere 134,000t, bringing the season-to-date total to 314,288t. However, imports also increased for the month to 190,000t, leaving the cumulative figure for the marketing season at 432,589t. This means the UK remains a net importer.

Although we should see exports rise for the second quarter, they still remain well behind the pace required to prevent a substantial stock increase at the end of the 2015/16 season.

In summary, it is much the same – too much wheat chasing too little demand. Ongoing weather concerns and bouts of fund short covering will provide limited support, although fundamentals still remain bearish.

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**Jonathan Lane, Gleadell’s trading director, comments on the OSR market**

The US soybean futures market broke lower over the week and the trend is currently down in across all timeframes, with the Jan 16 contract making new lows. USDA reported an increase in US production and export sales lagging behind projections.

MATIF futures have also ticked lower over the week. The market remains fairly quiet due to a lack of farmer selling and crushers taking a relaxed attitude, as margins are poor and the UK market is expensive compared with Europe.

Sterling has continued its move higher against the euro after continued positive news flowed into the market – UK unemployment was this week’s good news.

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**Notes to Editors**

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mln t = million tonnes, t = metric tonnes, kg/hl = kilogram per hectolitre.