**Gleadell Market Report**

**Immediate – 30 October 2015**

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

Global markets have been mixed over the week, but US markets have risen $4 despite a surge in the dollar. This leaves US supplies even less competitive into export markets.

The focus Stateside seems to be all around new crop weather concerns, and the fact funds remain short. Initial US winter crop ratings placed the crop at 47% good/excellent, compared with 59% a year earlier (although this actually ended at 40% due to drought conditions). This has provided some support, but with the US plains deluged by heavy rainfall from Hurricane Patricia, soil moistures should be replenished.

In the EU the MATIF has traded up €3/t although prices have actually declined $4 due to a weaker euro/dollar exchange. European traders remain focused on Black Sea winter crop sowings, which have been helped by more favourable weather conditions but are still potentially lower than expected. This just means that spring sowings will increase accordingly, as high revenues/cheap finance will still encourage farmers to sow.

EU soft wheat exports are estimated at just under 6.5mln t as of last weekend, down almost 30% year on year. Egypt is in the market today for December shipment, with the focus on the extent to which sellers discount nominal replacement.

UK prices remain virtually unchanged on the week, both in sterling and dollar terms. Market dynamics and fundamentals remain little changed, with nearby delivery premiums remaining under pressure and very limited buying interest further ahead.

There are reports that Brazilian feed wheat has traded into the Philippines at $194 C&F for March. Working off a freight rate of $30/t that would equate, at today’s US$ rate, to about £107/t FOB.

In summary, US, Black Sea, EU and UK exports are all running well behind the pace required. At some time this lack of exports will need to be addressed, meaning global stocks are likely to increase. New crop concerns will keep the funds active but, as we witnessed this time last year, unless concerns turn into substantial crop losses there is more than enough grain to curtail any major rally. UK prices (Nov 16 over Nov 15) are showing growers a £15-£20/t carry in the market, and this is reasonably attractive given the global scenario.

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

The US soybean market has ticked slightly lower over the week. A firmer US dollar has weighed on prices but these remain above the September lows. Demand for soybeans and vegetable oils remains strong and the focus now turns to South American plantings.

MATIF futures have weakened on the week, with seed coming forward for pre-Christmas movement and the Nov/Feb spread widening out. MATIF still remains in its technical uptrend and we still have longer-term supportive factors for rapeseed.

The big hit for UK prices this week came from euro weakness – over the past week or two about £10/t has been knocked off UK prices due to the currency move.

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**Notes to Editors**

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