**Gleadell Market Report**

**Immediate – 6 November 2015**

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

Global markets are up over the week, helped by markets breaking through key resistance levels which has attracted short covering.

Although US winter crop ratings improved 2 percentage points (now 49% good/excellent condition) as soil moistures were replenished from recent heavy rains, the US market continues to gain support from new crop concerns (mainly in US and Black Sea regions), and fund short covering.

US exports continue the slow pace, with just over 170,000t exported last week, placing the season cumulative figure down 18% year-on-year.

In the EU, MATIF is up €4 due to weaker currency and firmer FOB premiums. Following recent trades to Egypt and Ethiopia, shipper shorts have been looking for cover in a thinly offered market.

The EU Commission updated its EU crop forecast, raising soft wheat production to a new record of 149.15mln t, with ending stocks of 17.6mln t (both still behind other analysts).

EU exports continue to drag, reported at just under 8mln t as of 27 Oct, down 27% year-on-year. This pace points to an end-of-season figure of 25mln t, leaving stocks well over 20mln t.

The UK market is down 75p on the week as sterling continues to soar, limiting export opportunities. Delivery premiums remain under pressure in the nearby positions.

In summary, technical factors and short-covering have lifted US and EU markets to near three-month highs, although Black Sea values have remained unchanged, placing Russian wheat cheaper than French.

The move higher in the US and EU will do little to improve export prospects, at a time when exports are running well behind projections. The world has too much wheat and currency, specific short covering or farm retention are currently supporting the market. None of these changes the long-term fundamental outlook.

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

Soybeans have moved sideways over the week, attempting to build some support on the futures market. The US harvest is moving into its final stages and the focus now turns to South American plantings, particularly Brazil, where conditions have been less than perfect.

The MATIF futures market has been aided by weakness in the Euro and moved higher over the week, continuing its uptrend.

A lack of farmer selling continues in the physical market, but there is buying demand and enquiries for post-Christmas positions. UK seed remains expensive versus European – but when doesn’t it outside harvest?

UK prices have largely failed to benefit from the higher MATIF due to the weakness of the Euro. Ex-farm values are little changed on the week.

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**Notes to Editors**

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