**GLEADELL MARKET REPORT**

**WHEAT AND OILSEED RAPE**

**Immediate – 13 May 2016**

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

Chicago wheat is unchanged on the week, following Tuesday’s bearish USDA report.

USDA put 2015/15 global end-of-season wheat stocks at 242.9 mln t, marginally above estimates and an increase of 28.1 mln t year on year. The report also predicted that the 2016/17 figure would reach a record 257.3mln t.

Despite recent rallies in the US, the European wheat market has remained resolutely stubborn and seen little upside.

The weight of end-of-season EU stocks continues to bear down on new crop and in particular the harvest period, with aggressive prices being offered across the board.

The USDA report reduced production of new-crop EU soft wheat, marking it down by 3.51mln t compared with this season. However, a combination of historically high starting stocks, lower total domestic usage and a normal export figure means ending stocks could increase from this season’s already large figure. France and the UK are seen as the main contributors to the latter, holding over about 5 mln t and 3 mln t respectively.

Exports struggled to find demand earlier in the season, with strong competition coming from the Black Sea and Argentina. Now, weekly licenses continue to be issued at a relatively strong rate for the time of season, but not enough to make a dent to the sentiment of over-supply globally and in Europe.

LIFFE May16 is down £1/t on the week at the time of writing, keeping in line with the general global and European markets. Delivered markets, though, have gained as much as £1/t in northern regions, while the south has stayed flat due to reduced export and domestic demand.

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

Brazil’s national crop agency CONAB cut the country’s soybean crop by 2.1 mln t. This, and USDA reducing soybean ending stocks on strong demand and crop losses in Argentina and Brazil, saw beans trade up.

Values rose over 50 cents within minutes of the USDA report, punching through resistance and continuing the uptrend which started in March. That remains the case and we have the US growing season ahead.

Rapeseed ticked higher, pulled up by strength in soybeans and generally bullish sentiment in oilseeds. The old crop market has firmed in the UK as crushers and merchants look to tidy up positions, we have seen some new crop selling as prices hit £275+ ex farm.

The euro/pound exchange rate still offers a cautionary note for UK farmers. The impact of currency moves on our markets is significant and, given the Brexit vote on the horizon, it is worth bearing this in mind when making risk management decisions.

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**Notes to Editors**

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