**GLEADELL MARKET REPORT**

**WHEAT AND OILSEED RAPE**

**Immediate – 15 April 2016**

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

As the markets were moving down to retest the contract lows, spill-over short-covering from the neighbouring soy and corn markets has pulled US wheat higher.

Concerns over the scale of Brazilian corn losses and delays to the Argentine soy and corn harvests have spooked market shorts following the release of the bearish US 2016 planting report. The fact that the USDA projected the highest level of US wheat stocks since 1987, as well as increased global stocks, sank into insignificance as wheat grabbed onto the tails of both the soy and corn markets, which spiked higher.

EU prices have followed the US higher despite the still-bearish supply outlook. Traders are convinced the USDA is overstating EU exports by 2-3mln t and the likelihood that final stocks will exceed 20mln t remains.

French wheat missed out on the recent Egyptian tender, although of note was the fact Russian prices were $10 more expensive than other Black Sea origins. Russia’s firmer currency, linked to rising oil prices, leaves its wheat out in the cold. Harvest is only six to eight weeks away, so interior prices will have to decline or Russian wheat exports will stop.

Despite all the current commodity turmoil, LIFFE is actually down £1 on the week, although continued spot demand has allowed delivery premiums to edge higher.

February’s UK wheat exports were reported just shy of 300,000t, slightly lower than expected, bringing the season to date (July-Feb) to 1.6mln t. With good export trade for both March and April, we should see circa 2.3-2.5mln t exported by the end of April. However, as new crop EU harvests near, and demand wanes, it remains difficult to attract new business.

In summary, there are crop issues around the world, but the additional 25mln t stock cushion provides a buffer. Improving weather and crop ratings (year-on-year) in the US will hopefully ensure production losses are limited, as both harvested acreage and yield should advance.

Current weather maps and crop reports suggests both the EU and Black Sea region could match last season’s crop output. With Argentina expected to increase the wheat area by 25-30%, the overall supply position for 2016/17 currently looks comfortable.

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

An interesting week for the CBOT soybean market saw prices rally aggressively and heavy fund buying.

In terms of the fundamental picture the only real bullish story is the fact it’s excessively wet in parts of Argentina, which is damaging crops and delaying harvest. The bullish price action has drawn trend-following fund money into the market.

MATIF rapeseed futures are little changed on the week which gives pause for thought when you see the aggressive move higher in beans.

The European physical market has been fairly quiet and in the UK we have seen only sporadic farmer selling. Crushers also have a fairly relaxed attitude and at present don’t feel the need to chase prices.

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**Notes to Editors**

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