**GLEADELL MARKET REPORT**

**WHEAT AND OILSEED RAPE**

**Immediate – 15 July 2016**

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

The recent USDA report, which on the face of it came out as fairly neutral from an ending stocks perspective, has not stopped the US wheat, corn and soybean markets seeing an uptick in prices since Tuesday.

Funds continue to hold a near-record short on wheat, having sold heavily over the last fortnight. They liquidated corn and soybeans long positions heavily into the end of last week.

Having hit contract lows on MATIF in recent weeks, values have rallied back on the weaker euro/dollar rate and fears about both the quality and size of the French wheat crop.

AHDB released its first forecasted projection for the 2016/17 cropped area in Great Britain on Wednesday. Wheat saw a reduction of 2.1%, taking figures to a two-year low, with the main reductions in Yorkshire and East Anglia. Total barley plantings saw minimal increases. However, the English area is put at 6% higher, due to a considerable increase in the spring acreage (up 13.1%).

Continuing currency volatility has been somewhat tempered by Theresa May’s move into 10 Downing Street. However, the appointment of a Brexiteer-looking cabinet and the fact that negotiations with the EU have yet to begin means that volatility in sterling will probably continue. Only time will tell if the currency continues its recent devaluation.

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

US soybean futures have ticked higher over the week on dryness concerns, with excessive heat appearing in the longer range forecasts.

With a tight balance sheet following crop losses in South America, a big US harvest is needed. Any yield loss will cause a further tightness in supply.

MATIF rapeseed futures have been pulled higher in support of soybeans and canola. The European harvest is yet to get underway and weather concerns (as yet unrealised) in the US are affecting market sentiment.

The UK physical market has also rallied in response to MATIF, helped by recent stability in the Euro/pound exchange rate.

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**Notes to Editors**

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