**GLEADELL MARKET REPORT**

**WHEAT AND OILSEED RAPE**

**Immediate – 16 December 2016**

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

USDA’s world supply and demand report last week did little fundamentally to encourage the bulls, as global wheat production and ending stocks were both raised to record levels.

US exports continue to match the USDA projection, but even if they end up doing so carry-over stocks would increase year-on-year.

Export competition is seen intensifying over the next few months as large Australian, Canadian, and Argentine crops hit the market. US prospects were not helped by this week’s 0.25% rise in US interest rates, which in turned firmed the US dollar.

EU values are trading up €3/t on the week, supported by a weaker euro/US dollar rate spread.

FranceAgriMer reported that the area sown to soft wheat for the 2017 harvest in France was up 0.8% at 5.2mln hectares. It forecast ending stocks rising to 2.7mln t from 2.5mln t previously, mainly due to larger imports and reduced domestic use.

The UK market is unchanged on the week. Sterling continues to strengthen against the euro, but the interest rate rise by the US Fed has seen sterling and the euro slip against the US dollar.

DEFRA yesterday released its final crop estimate for 2016, trimming the UK wheat crop to 14.38mln t, reflecting both a decrease in area of 0.5% and yield of 12% on the year. Although the revised crop is lower than the previous two seasons, it is in line with the five-year average of 14.7mln t.

For global markets, there are some underlying supportive factors; the likelihood of another drop in US winter wheat planted area, the size of the current fund short operating on the Chicago market, the apparent imbalance between quality and feed wheat grades, and weather concerns across parts of the main northern hemisphere growing areas.

However, given the levels of stocks at the end of 2016/17, weather concerns would have to translate into major crop losses to sustain any major crop rally in the new year.

(COPY ENDS 322 WORDS)

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

It has been a slow week on the markets. With little fresh news and the Christmas holiday period approaching, traders appear to have adopted a risk-off attitude.

CBOT soybeans continue to hold above support, consolidating above $10.20, crude oil has again ticked up to circa $55/barrel and physical vegetable oils remain supported.

The Matif rapeseed contract remains in its uptrend and we feel another €10-15 upside remains as a target.

Sterling continues to move higher versus the euro and this is largely offsetting the gains in Matif for UK prices.  Crushers are absent from the market post-Christmas, with the current UK premium structure unattractive for them to add purchases.

(COPY ENDS 109 WORDS)

**For market information contact** Jonathan Lane, trading director, on 01427 421221 or jonathan.lane@gleadell.co.uk

**Press queries or for further Gleadell contacts call** Robert Harris Communications on 07768 402850 or robert@roberthcomms.co.uk

**Notes to Editors**

Gleadell Agriculture Ltd is an independent major trader of grain, seed and fertiliser in the UK with offices in York, Hemswell (Lincolnshire), Swaffham (Norfolk), Stamford (Lincolnshire) and Warminster (Wiltshire). Gleadell is jointly owned by [ADM](http://www.adm.com/) and [InVivo](http://www.invivo-group.com/).

Any prices quoted in this release are indicative only at the time of going to press and subject to location and quality. Although Gleadell takes steps to ensure the validity of all information contained within this release, it makes no warranty as to the accuracy or completeness of such information. Gleadell will accept no liability or responsibility for the information, or any action or failure to act, based upon such information.