**GLEADELL MARKET REPORT**

**WHEAT AND OILSEED RAPE**

**Immediate – 18 November 2016**

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

Markets have been mixed over the past week, reacting to the fallout from the US election.

US wheat continues its struggle to stay competitive. Export inspections were below 200,000t last week, compared with a weekly requirement of almost 500,000t/week to reach the current USDA projection.

Some support has surfaced from rising Black Sea prices and ongoing quality issues within the EU. But, with a potentially huge Australian and larger Argentine crop about to hit the market, US values may have further downside to attract new export business.

Dryness in the US southern plains and parts of the Black Sea are potential concerns, although the Russian winter grains area is expected to expand this season, boosting the prospects for another bumper crop.

EU prices are up about €3 on the week, supported by a weaker euro and the continued imbalance between feed and quality wheat.

French non-EU exports have slowed in recent weeks, reflecting the fact most of the decent carry-over stocks have already been shipped earlier in the season.

Russian prices have again firmed, as growers hold supplies off the market, expecting higher prices due to increased export activity.

The majority of this week’s Algerian purchase is likely to be sourced from either Germany or the Baltic states. However, US wheat seems competitively priced, and as shipment is January, new crop Argentine wheat may get in on the act, depending on new crop quality.

The UK market (May 17 futures) is trading down just over £1 on the week, as sterling again firms against both the euro and dollar. Market activity is still all around the spot months, as demand from consumer and merchant shorts keep premiums edging higher.

UK wheat exports were reported at 255,000t for September, much in line with expectations. The season-to-date figure is 710,000t, more than double the figure of a year earlier. However, imports continue apace, with 426,000t imported so far this season, just behind this time last year.

Given the tight UK balance sheet, and the likelihood that exports are projected to reach 1.0-1.1mln t by the end of December, it will be of interest whether or not the pace of imports slows as most expect.

In summary, little has changed. The world is certainly not short of wheat, but all the interest is on the quality spreads. One other point of interest in recent weeks is the surge in freight costs, meaning that importers now face a double whammy, having to pay more for grain and more to ship it.

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

US soybeans remain range bound, pulled between competing factors of a large US crop moving to market versus strong demand, and continued fund futures buying.

Matif futures have consolidated on the week around €390, which is €15 below the highs posted two weeks ago. The €400 ex-farm mark brought some selling across mainland Europe, and Australian and Canadian seed will soon begin to arrive in Europe. Global vegetable oils remain volatile, with palm oil in particular experiencing some aggressive price swings.

In the UK, prices have continued to ease back, due to a slightly weaker Matif and a firmer pound/euro rate. We are currently around £10/t off the highs. Crushers have taken a more relaxed tone with UK prices unattractive to margins.

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**Notes to Editors**

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