**GLEADELL MARKET REPORT**

**WHEAT AND OILSEED RAPE**

**Immediate – 19 August 2016**

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

The trade was expecting a bigger US spring crop, and USDA duly obliged. Its projections of record US soybeans and corn crops, along with a further yield upgrade for all wheat, pushed US CBOT corn and wheat futures to new contract lows at the end of last week.

However, since the report, US markets have consolidated due to a weaker US dollar and a belief in the trade that USDA has over-cooked its projections. Demand remains strong for US wheat, with exports running 30% ahead year-on-year. Funds still remain massively short, and it seems at present a battle is forming – too much global supply against the fund short.

Long-term, if the USDA forecast is confirmed, the US will need to find additional demand for some 15-20mln t of coarse grains. That may provide a major challenge in an environment of record global supplies.

EU prices are unchanged on the week, pressured by a firmer euro and increased Black Sea supplies. Russian prices continue to firm on reduced farmer selling, although storage and credit issues may soon have an impact. The low size and quality of the French crop, and now concerns over German production, has seen the rare event of Bulgarian wheat, and later this month Romanian wheat, planned to be shipped to Dunkirk. This would either be blended for re-export or tendered against the MATIF.

The UK market is up about £2 on the week, mainly supported by a weaker pound, although today has witnessed a sharp firming on strong UK retail sales data. Even so, since the EU referendum, sterling has fallen about 12% against both the euro and US dollar and this has been responsible for much of the £16 rally in UK prices since June 23rd.

Early quality concerns have, to some extent, been eased as the harvest gathers pace, although final yields will be short of last season’s record. It is envisaged that the UK will see a wheat crop some 2mln t down on last year, and with a smaller exportable surplus, better-than-anticipated quality may open up export opportunities.

In summary, globally speaking it’s a case of too much wheat vs the record fund short. The market believes USDA has overestimated yield and a weaker US dollar has pulled markets off the low. EU production estimates continue to decrease and Black Sea crops increase.

It is a bit of a mess, but once the trade can determine what wheat is where, and where it needs to go to, markets may become more transparent. UK farm prices have firmed, sterling may retrace off the recent lows, meaning that selling a bit may prove a worthwhile strategy.

(COPY ENDS 441 WORDS)

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

US soybeans have traded slightly higher over the week on strong US export demand. We had a bearish-leaning USDA report with large crops expected in the US, but the fact they are still in the field and global demand for vegetable oils is strong seems to have had more bearing on price action.

MATIF rapeseed futures have pushed higher on the week with the market taking on a bullish sentiment on poor yields in Europe and firmer palm oil prices.

In the UK harvest logistics continue to be testing, with many farm purchases coming short. Crushers and merchants are looking for seed in the spot positions.

(COPY ENDS 106 WORDS)

**For market information contact** Jonathan Lane, trading director, on 01427 421221 or [jonathan.lane@gleadell.co.uk](mailto:jonathan.lane@gleadell.co.uk)

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