**GLEADELL MARKET REPORT**

**WHEAT AND OILSEED RAPE**

**Immediate – 21 October 2016**

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

This has been a week of consolidation, with both US corn and wheat markets up over 20c/bushel ($7-9/t).

Strength has come from continued quality concerns in Canada and Australia, the pace of US wheat exports, which are up 29% year on year, and bouts of short-covering from funds. These are still short to the extent of some 20mln t – not bad for a crop that only produces 9-10mln t.

The recent rise in US values is affecting export prices, which are losing ground against EU and Black Sea supplies. Given that USDA is projecting a yearly increase in exports of 26%, US prices will need to stay competitive, as even with the increase in exports, ending stocks are still projected to rise compared with last year.

EU markets have been generally quiet, currently trading €3/t higher on the week. The volatility of crude oil and its impact on the ruble seems to be having little or no influence on Russian interior prices or farmer selling, or to be precise, ‘lack of selling’.

Another decent week from Brussels is expected today with the recent sales to Algeria and Saudi (remember licences are valid for the current month plus two, i.e. to the end of December). Although current EU exports are running 18% ahead year on year, the current pace remains unsustainable.

UK markets again have moved higher on firmer global markets, although levels have retraced from the recent high as sterling firms slightly against the euro and US dollar.

Spot demand from merchant shorts remains strong, leaving nearby farm prices attractive against the deferred positions. With the Prime Minister attending her first EU summit, the Brexit debate should be high on the agenda which, depending on the vibes, could move sterling either way.

In summary, funds remain short which should support US markets. Export procurement should keep EU and Black Sea values underpinned, and growers generally across the EU remain reluctant sellers.

On the flip-side, abundant stocks of coarse grains remain and there is no real 2017 threat that could have a major impact on quantity, although quality is another matter.

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

MATIF rapeseed futures have continued to climb, pushing higher on a lack of farmer selling in Europe and harvest delays/yield loss due to snow in Canada.

Winnipeg canola futures have also pushed higher, as have vegetable oil prices generally, with palm, bean and rape oil moving up.

However, while US soybean futures have traded towards the top of the recent range on strong export demand, the market remains range bound at present.

Sterling has strengthened slightly against the euro following last week’s aggressive move lower in the overnight session. While that is potentially negative, UK delivered prices have firmed relative to futures, offsetting the higher pound as merchants and crushers look to cover pre-Christmas positions.

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**Notes to Editors**

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