**GLEADELL MARKET REPORT**

**WHEAT AND OILSEED RAPE**

**Immediate – 23 September 2016**

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

Global markets continue their consolidation as US wheat follows corn/soy markets higher, supported by harvest delays due to poor weather.

Signs of independent strength for US wheat seem to be appearing, with US exports running 25% ahead year on year. A recent sale to Morocco and talk of potential lower US winter wheat plantings are adding support to the market.

In addition, news that Egypt has cancelled its zero ergot tolerance on imported wheat, and re-instated a 0.05% policy on international tenders, may encourage a few more offers. However, given recent behaviour, it takes a brave man to accept this as the final word from the Egyptians re ergot.

EU markets seem undefined, with the recently introduced CBOT EU wheat futures actually trading down for the first time since their inception. It is notable that the Sept 2017 position is now below MATIF, which should be the norm given that the MATIF spec goes to 76/220/11 min from Sept 2017.

The Moroccan sale and Egypt’s ergot policy was the main news affecting EU markets. Talk that the bulk of the Moroccan trade is reportedly to be Romanian based did little to excite markets.

The UK market has firmed over the week, supported by a slightly weaker currency and firmer global values. The rise in physical prices has left the UK less competitive on exports.

The provisional AHDB quality survey showed average proteins at their highest level for 10 years, with falling numbers also reported higher than 2015.

However, as this provisional release is heavily biased on samples gathered in the south and south-east of the country, the average is likely to decline as more samples in the north and west are accumulated. Nevertheless, it does show some quality exists in the main exporting areas of the UK if export opportunities arise.

In summary, it remains hard to get over-bullish given the overall global scenario. There is no shortage of volume, but quality is increasingly an issue internationally.

(COPY ENDS 327 WORDS)

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

**market**

US soybean futures continue to trade sideways with rallies being capped by the progressing harvest.

Statistics Canada increased its Canadian canola figure to 18mln t, up 1mln t from last month but still below some trade estimates, which put the crop closer to 20 mln t.

MATIF rapeseed is currently range bound with unattractive margins and weaker soybeans capping rallies while the well-known smaller crop and some planting problems due to dry weather offering support.

In the UK, farmer selling is limited and crushers don’t chase prices. The UK has attracted some imports and this should help to cap UK prices short term.

(COPY ENDS 102 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**

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