**GLEADELL MARKET REPORT**

**WHEAT AND OILSEED RAPE**

**Immediate – 23 June 2016**

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

Officially US spring crops (corn and soybean) are now planted. With crop ratings better than expected, and fewer concerns over dryness in the Midwest due to a wetter two-week forecast, fund longs have been heading for the exit.

This has sparked aggressive selling in both corn and soybeans, dragging wheat lower in the process. Since the recent high (June 15th) corn has shed $15/t as weather concerns abate and the potential for a record yield remains. US wheat harvest is reported at 25% complete, with yields in general above expectations, but also some concerns over protein.

MATIF prices have fallen €10/t since our last report, reacting to weaker global markets and rising concerns over EU wheat quality. The forecast has the potential, but not certainty, of more rain in parts of the UK, across much of northern mainland Europe and into the Balkans, bringing little comfort to already sodden crops.

With the potential of greater volumes of ‘feed’ supplies, traders will be looking for non-EU feed markets earlier in this season’s campaign than usual. News that the Egyptian PM will issue a decree instructing agriculture quarantine to adopt a 0.05% ergot policy would point to an international tender soon. This will give a better indication on where the market actually is, given the recent aggressive trades.

The UK LIFFE market has fallen £6/t since our last report. Sterling has been volatile, depending on whether the polls had the leavers or stayers in the lead. Although the nearby focus will be on today’s Brexit vote, and the trade’s interpretation on its effect upon UK agriculture, global pressure and a stronger pound has pushed values lower.

In summary, while crop estimates are increasing, so are the quality issues, China being the latest. Funds are still long on corn and soy, but seem to be losing their appetite given current weather conditions, which may produce further fund long liquidation.

Apart from quality issues and any currency turmoil emanating from today’s vote, it remains tough to back a major rally in global cash markets.

(COPY ENDS 340 WORDS)

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

Brexit issues and their potential impact on the FX markets, combined with potential issues with US soy supply and demand and the impending European harvest, have created extreme volatility in the oilseeds markets. This makes it very difficult to paint a clear picture of long-term market direction.

We have recently seen a significant rally in the soy sector as managed money dived into the US futures markets, citing the need to push up prices relative to corn as the current levels of production were tightening the balance sheets to uncomfortable levels.

However, an improvement in growing conditions in the US for corn and nearly ideal planting conditions for soy has taken the steam out of the market this week as many traders looked to book profit ahead of next week’s USDA’s acreage report.

In Europe, rapeseed harvest is just getting underway in the southern EU countries. Whilst we will have a marginally smaller crop than last year, we expect to see some harvest pressure as growers who have carried over grain will find themselves with less storage space.

This has certainly had some impact on the MATIF rapeseed futures this week. With crushers struggling to make a margin they continue to remain on the sidelines and farmer sellers in EU Black Sea regions are having to turn to the Matif to find an outlet.

Finally, the Brexit vote. The move in FX this week has hit UK farm gate prices by nearly £10/t . Whilst a vote to leave may weaken sterling and help the market prices in the short term, the longer-term impact of leaving the EU could be more unpalatable.

(COPY ENDS 272 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.