**GLEADELL MARKET REPORT**

**WHEAT AND OILSEED RAPE**

**Immediate – 27 January 2017**

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

Markets have edged lower internationally and in the UK this week. There are no major global weather scares at present; conditions are either benign or crops are protected by enough snow to render the weather irrelevant.

UK prices are slightly lower for both old crop and new crop, as sterling has strengthened following solid UK GDP figures and a resolution to the High Court Brexit case. Old crop prices remain close to the season’s highs and at a hefty premium to new crop, meaning carry-over stocks should be vastly reduced from recent years.

If you believe the official figures, the UK should have a further 500,000t to export this season. Currently, we are much closer to importing significant volume in the north east than exporting any tonnage out of the south and east. In this scenario, adding further sales is worthy of serious consideration for farmer long-holders.

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

Another week dominated by moves in currency. The Supreme Court’s ruling that the Government must allow a Parliamentary vote prior to triggering Article 50 was viewed by the currency markets as being supportive for sterling.

The ensuing rally has had a negative effect on UK farm gate prices, but the rally in the old crop Matif rapeseed futures market has gone some way to limit these declines. This Matif rally has stemmed from the lack of available physical seed in Europe, with the spread between the Feb and May17 contract trading at €8 inverse, with shorts in the February contract being forced out of their positions.

Despite the current short term supply issues, there is an armada of rapeseed vessels from Australia en route to Europe, and some of these will ultimately find their way to the UK.

These imports and their effect on old-crop supply have been discussed at length. However, with such a big crop in Australia this year, we could find that Europe imports enough to rebuild stocks to a level that offsets the effect of this season’s decline in production on the supply and demand picture.

If this does occur, together with a return to a normal harvest in 2017, we could see a negative impact on new crop prices.

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**Notes to Editors**

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