**GLEADELL MARKET REPORT**

**WHEAT AND OILSEED RAPE**

**Immediate – 29 April 2016**

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

Despite the ongoing uncertainties over South American corn and soy crops, Chicago managed to give up over half the previous week’s gains, with May16 wheat and corn down $11/t and $6/t respectively.

It is true that while soy and corn have a story, wheat on its own has no fundamental strength, needing either spill-over support from corn and soy, or from fund-led buying interest. Export inspections and new crop export sales remain sluggish, and winter wheat crop ratings have improved, leaving the potential for good yields and abundant US supplies

EU prices have followed the US market lower, with the May MATIF down €4/t on the week, trading just above the recent contract low.

Despite another good week, soft wheat exports continue to run 10% behind last season’s pace, with the end-of-season figure projected to reach 29mln t, compared with 31.3mln t last season.

French vessel line-up remains strong, with new sales reported to Asia and Mexico keeping cash premiums firm. MARS, the EU crop monitoring unit, raised its yield prediction for the 2016/17 EU wheat crop from 5.96t/ha to 6.11t/ha., a fall of only 2.7% on the year.

With recent local crop estimates also increasing for both Russia and the Ukraine, it has become more likely that the recent improvement in weather could allow 2016/17 harvests to get near the levels witnessed this season.

UK May LIFFE has also eased, down £3/t on the week, as weaker global markets and a firmer currency weigh on values. Delivered premiums have edged up slightly on continued merchant/consumption interest, although there are signs that export demand is starting to wane.

In summary, prices will remain volatile as current South American crop issues, US plantings/crop progress, fund activity and weather all leave markets up in the air.

The recent rally has all been about corn and soy, dragging wheat along for the ride. However, wheat fundamentals have, if anything, become even more bearish over the week as improving conditions push up production estimates. The US will continue to trade its own agenda, but the EU and Black Sea will continue to trade local domestic supply issues, which over the past week have got more burdensome.

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

The weather and soybean damage in Argentina continues to dominate the news in the oilseeds complex.

Argentina remains extremely wet and large crop losses (some analysts talking as much as 5 mln t) have been priced into the market. Hedge funds have been aggressive buyers, helping to add upward momentum.

That said, prices have been unable to make a new high over the course of this week and they are currently holding at around $10 a bushel. There is some dry weather in the forecasts and in view of the extent of the upward move, a reduction cannot be ruled out.

Rapeseed prices are also unmoved over the week. The European physical market has been reasonably active as traders square old crop positions ahead of the May MATIF futures expiry.

With the old crop campaign now largely complete, focus turns to new crop with lower crops again expected across Europe and the Ukraine, which exports large volumes into the EU. New crop price direction will be affected by many factors including soybeans, currency and global rapeseed crop sizes.

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**Notes to Editors**

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