**GLEADELL MARKET REPORT**

**WHEAT AND OILSEED RAPE**

**Immediate – 2 September 2016**

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

US markets continue to grind lower, setting new contract lows this week. Markets remain pressured by a firmer US dollar, linked to a perceived interest rate hike following last week’s hawkish comments from US Federal Reserve chair Janet Yellen, and continued signs of increasing export competition.

Although US wheat export inspections are running 27% ahead year-on-year, USDA’s projection is for a 22.5% increase in trade, showing that the US needs to keep pricing aggressively to achieve the target.

The main news of the week has been the decision by Egypt to revert to a zero stance on ergot, although a 0.05% tolerance may be adopted. All this will achieve, as we saw in yesterday’s tender, is a reduction in (or absence of) offers, with exporters building a significant risk premium into final quotations.

Canada and the Black Sea region all have increased supplies, as will Australia when new crop becomes available in the new year. All will be looking to increase market share in order to shift tonnage.

The fall in the size of the EU crop now seems to be priced into the market, although these losses will be more than offset by the increased production witnessed this season among other major exporters.

Russia will revert back to a zero export tax as of 15 September. Latest forecasts suggest grain exports from that country will reach a record 40mln t. Recently the Agriculture Ministry raised its crop estimate to 70mln t, although recent harvest data is showing a decline in yield, and quality.

The UK harvest continues to drag on, with activity increasing in the northern parts of the country. As last week, there is an apparent shortage of available wheat in this area and demand remains strong for spot wheat.

LIFFE has remained pressured, pushed lower by global weakness and a firmer pound, resulting in the market falling £5 on the week. In general, yields and quality seem to be holding up well although given the amount of wheat still to be harvested, the final outcome on both is less certain.

In summary, it is hard to sustain a bounce in grain prices, especially with abundant supplies and a record US/global corn crop a matter of weeks away. However, with US wheat at a 15-year low and the knowledge that the funds are still holding large short positions, how much more downside is there?

(COPY ENDS 396 WORDS)

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

US soybean values have weakened as continued good US weather encourages longs to liquidate positions.

MATIF futures have remained range bound due to competing factors of firming canola prices and weakening soybeans.  Crush margins are unattractive and in the UK physical prices have reached a level where imports calculate.

The slight pull back of the euro against the pound over the week has knocked £2-£3/t off UK ex-farm prices. It’s worth noting the post-Brexit move in currency has raised UK prices £25-35/t.

(COPY ENDS 82 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.