**GLEADELL MARKET REPORT**

**WHEAT AND OILSEED RAPE**

**Immediate – 5 August 2016**

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

Continued strong US spring wheat ratings, a benign weather forecast and increased talk of a record US corn crop pushed Chicago futures to a new contract low this week.

However, the market then bounced on firmer EU markets linked to further downgrades in production.

The fall in the size of the EU’s 2016 wheat crop is leading US traders to believe that increased demand could find its way to the US, despite lower prices and strong competition currently from the Black Sea region.

In addition, next week’s WASDE report should project a sharp drop in both global 2016 wheat production and ending stocks. With fund shorts extending their exposure to the recent low, signs of short-covering have supported the bounce.

French MATIF futures continue to firm, with the spread between MATIF and CBOT now at over $40/t, compared with under $10 at the beginning of July. Reports were being floated last week of a large Romanian vessel due to arrive in August – to be tendered against MATIF futures?

With the French now resigned to the fact that they have a major quality problem, feed imports into North France / Atlantic coast to free-up better quality for domestic millers were being reported.

The focus has now shifted to Germany where rain is seen hampering the wheat harvest, with only 30% done in key areas, and comments from one farmers’ group of yields down 10-20% year-on-year.

In the UK there remains little to add. LIFFE has increased on the week, up £4 on firmer EU markets. Demand stays concentrated in the spot positions as the current illiquidity of supply has supported spot farm levels, with little interest in buying or selling in the deferred positions.

In summary, the likelihood of a sharp drop in next week’s WASDE global wheat production report should portray ‘a bit less of too much global supply’.

Chicago, where the major short remains (fund investors) will ride the shirt tails of lower EU production, staying aware that Russian wheat still remain cheap – Futures, for the time being, look supported technically as shorts square out their positions. But cash wheat has to move, and in great volume, which could change the picture.

Global large supply versus a clear problem in NW Europe are the key drivers for the market. We have to hope that the early reports of good UK quality and acceptable yields continue, and that this will give us opportunities in the weeks ahead.

(COPY ENDS 407 WORDS)

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

Rapeseed futures are currently unchanged on the week. They were initially pulled down by weaker soybeans beans before bouncing back towards the end of the week, due to some large volume futures trading. Price action is currently choppy and range bound.

Across Northern Europe poor weather is delaying harvests and yield reports continue to disappoint. Farmer selling is limited.

In Canada and Australia crops currently look good – the former in particular is anticipating a large crop.

In the UK we see the physical market firming relative to futures as poor yields and trade shorts drive up prices.

(COPY ENDS 97 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.