**GLEADELL MARKET REPORT**

**WHEAT AND OILSEED RAPE**

**Immediate – 8 April 2016**

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

After the dust settled from last week’s US reports, it was Tuesday’s US crop ratings and the confirmation of a wetter outlook for the US plains that took Chicago down 11 points last night.

Initial 2016 ratings pegged the US winter wheat crop at 59% good/excellent, compared with 55% as the crop entered dormancy last December, and the final 2015 crop figure of 40%. The higher ratings and improved weather outlook are perceived as potentially increasing both harvested acreage and yield, so negating some of the perceived losses from the much reduced 2016 acreage.

EU MATIF values, both on old and new crop, are virtually unchanged on the week, as is currency, trading around €1.14 against the apparently ailing US dollar. EU cash premiums were firmer as MATIF followed Chicago down last night, mainly on a continued buoyant vessel line-up and the upcoming Algerian tender.

EU exports are 13% lower year on year, with end-of-season stocks forecast to reach well in excess of 20mln t. Black Sea values are unchanged, with a firmer ruble tracking crude oil.

UK old and new crop futures are up about £2 on the week, supported by a weaker currency. Continued good spot demand from shippers and merchant shorts who are executing old contracts are keeping farm levels underpinned in the near term. However, it is proving very difficult to put new business on the books as most European consumers appear to be largely covered.

In summary, markets over the next few weeks will be driven by US weather and currency. A few more weather concerns have risen over the recent period, including dryness in Australia ahead of planting and continued drought in North Africa (Morocco). This, together with increasing imports, with general talk of lower Russian and Ukrainian wheat crops, will keep the bulls interested. However, it may be the improved weather outlook and the potentially more than adequate wheat and record corn supplies that finally breaks the Chicago market.

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

Oilseeds futures have hit a bit of upside resistance, pausing the increase we have seen over the past few weeks. With the exclusion of the palm oil, which has suffered production losses, bullish fundamental input for oilseeds and especially soybeans is lacking.

UK physical markets have been active and heavily supported by the firming euro/pound exchange rate. The currency move has supported UK rapeseed prices by circa £30/t since the turn of the year.

With the Brexit vote on the horizon and the unknown implications for currency movements (whichever way we vote), we feel current levels offer a good hedge to farmers for old and new crop.

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**Notes to Editors**

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