**GLEADELL MARKET REPORT**

**WHEAT AND OILSEED RAPE**

**Immediate – 8 July 2016**

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

We have seen another week of bearish news for US markets. Stable crop ratings, continued reports of above-average yields from a harvest that was 58% complete as of last weekend, together with weather patterns deemed favourable for both soy and corn crop development have kept pressure on prices.

The long US weekend was followed by strong commodity liquidation by long holders, pushing both wheat and corn to fresh contract lows.

MATIF also hit new contract lows earlier in the week as uncertainty over quality intensifies. Traders are trying to fathom whether that is bearish or bullish for MATIF wheat futures.

French crop estimates continue to decline as analysts started factoring in poorer yield prospects, leaving many asking how low will these estimates go? They now range from 37 to 38 mln t, which would represent a fall of 5-10% year-on-year.

As the French resign themselves to a reduced crop that is likely to contain more feed grain than usual, the Russian harvest has commenced with yields to date reported at 4.45t/ha, up 17% on last year. If that is maintained, output would exceed current estimates of 66-68mln t.

The UK continues to experience the fall-out from the EU referendum as continued economic uncertainty hits investor confidence. Despite assurances by the Chancellor and the Bank of England, sterling slipped to its lowest level against the US dollar in over 30 years, with another weekly fall against the euro.

Although a weaker currency supports farm prices and cheapens UK exports, the plain fact is that global markets are moving lower at a fast pace.

As we have said many times in the past, markets don’t go down for ever but, currency apart, it is hard to get bullish in this market. However, UK production size and quality remain as very important variables still to be determined.

(COPY ENDS 304 WORDS)

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

Currency continues to have a significant impact on UK farm gate prices as the world tries to work out what the prospect of Brexit might mean for the UK economy and on the value of sterling.

The on-going uncertainty created by the fallout from the vote and the vacuum created by the current domestic party political situation pushed sterling to 31-year lows against the US dollar and three-year lows against the euro.

This sharp drop in sterling has cushioned the UK farmer from the reality of the global market. Despite a supportive USDA report last week in which the planted area fell below trade estimates, a much improved weather forecast has triggered some funds to start exiting their long positions and the CBOT soy market has fallen about $40 in the last few days of trading.

The Matif has followed lower and, with good yields being reported from on the ongoing harvest in Eastern Europe, we wouldn’t be surprised to see some additional downward pressure once the combines start rolling in Northern Europe.

(COPY ENDS 173 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.