**GLEADELL MARKET REPORT**

**WHEAT AND OILSEED RAPE**

**Immediate – 9 December 2016**

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

After the recent upgrade on the Australian wheat crop, Stats Canada has followed suit, increasing Canada’s all-wheat production estimate to a record 31.7mln t.

With reports that the Argentine wheat harvest is now 40% complete, the global wheat complex is increasingly becoming heavier, with supplies currently easily out-stripping demand.

The USDA report on the latest US and world supply and demand estimates is out later today. Most traders are expecting a sizable increase in both global production and stocks for the 2016-17 season.

Following the Italian referendum vote, the euro has surprisingly firmed against the US dollar as potential support for Italy’s fragile banking system surfaced. This resurgence has resulted in a slight fall in the Matif, trading down €1 on the week.

French soft wheat exports to countries beyond the EU fell again during October to a new low of 293,000t, a reflection of the poor quality 2016 harvest. Russian wheat prices have stabilised after weeks of rising prices, mainly on the prospect of increased export competition, especially into Asia.

UK prices (LIFFE, May17) are trading down £1 on the week, despite sterling falling from its recent highs last week.

Fundamentals within the UK remain unchanged. Good spot consumer and merchant short covering has kept delivery premiums firm as tonnage is still required to cover deliveries over the festive period, although the required amount is diminishing.

Buying further ahead remains light, with a few bargain hunters indicating values that are mostly some distance from sellers’ aspirations. UK wheat remains uncompetitive onto export markets.

Overall, the festive influence appeared to set in early this season as we move towards the holiday break. However, when we return in the new year, the global complex outlook is becoming increasingly heavy.

Record harvests in Australia and Canada will need to be shifted, along with a big surplus in Russia. Geo-economic and political issues dictate that some buyers will not be there as normal in the new year, and the North African harvest will only be a matter of months away, limiting demand.

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

CBOT soybean futures remain supported with strong fundamental demand and positive technical signals following the market’s breakout from its relatively tight trading range two weeks ago.

Matif futures have also continued to tick upwards, with February futures at contract highs as the market attempts to draw some physical sellers.

In the UK, ex-farm prices have again touched £350/t for many farmers and this has stimulated some selling. Had it not been for sterling’s recovery against the euro over the past three to four weeks, UK ex-farm prices would be around £360/t, based on the rise in futures.

We do see some crusher buying in the UK, but crushers aren’t chasing offers higher.

New crop business continues to trickle forward from farm, with little activity in the inter-merchant market.

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**Notes to Editors**

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