

Market Report 09/11/2010

The market seems to be ending the week on an easier tone consolidating ahead of next weeks possible fiscal stimulus from the US Fed and the effect it will have on the Dollar.

China continues to try and balance rampant food inflation with a need to both build and maintain what are considered to be security stocks without pushing prices still higher-no mean task. China is to add and extra 11 Million MT of crushing capacity next year taking their total to 95 Million.

At the moment the US has sufficient sboil stocks for export mainly as a result of the lack of demand domestically for feedstock for the Biodiesel sector, the complete opposite of Brazil, traditionally the biggest exporter of sboil globally, should see exports decline to 1.25 Million MT Oct/Sept '10/'11 from 1.45 '09/'10 and 2.39 Million 3 years ago as a result of Bio demand. Germany, the flag waver for European production, sees production going sideways.

It is no surprise that Cargill intend to build a 250,000Mt Biodiesel plant in Mato Grosso.

It is understood that China bought 250,000MT of sboil this week mainly from Argentina.

The CBOT closed up 10/11 points on sboil and was mixed around unchanged for sbns, the overnight market however is much easier, down 70/72 points for sboil and 7/8 cts for sbns.

Rains in Brazil remain sporadic but continue to be more than adequate in Argentina.

As US sbn stocks are expected to be drawn down fairly dramatically in '10/'11 with the current rate of demand, the upcoming S.American crop will have to compensate for the reduction in US sbn acreage as a result of the battle that will ensue between soya, cotton (at record high prices) and grain (heavily influenced by demand to satisfy US E15 Bioethanol).

Both sbn and corn harvesting are well advanced in the US with corn 83% complete versus a 5 year average of 49%.

Palm prices on the Malaysian futures market continue to hold over the Rggt 3,00 level with the benchmark position a little easier tdy at 3062 minus 23.
Cpoil CIF Rdam continues to flatten out from the asked side, at USD 1030 N/D 1025 JFM 1027.50 AMJ.

Mineral oil has lost ground this morning with US crude trading at 81.45 a barrel minus 73 cts.

European rapeoil was marked up 15/20 Euros ydy at 868 FMA 870 MJJ 860 ASO