

## Market Report 11/11/2010

The USDA report last Tuesday resulted in a lower than expected sbean production estimate which could ultimately reduce the carryout for both the old and new crops to minimal levels going forward.

Although a record crop is forecast in the US the small opening stock (carryout was reduced to 185 Million Bushels) the current rate of export demand will continue to squeeze the 2010/11 stock balance.

There is a growing consensus of opinion that if demand from export markets continue at the current pace, sbn levels could be pushed to an all time high over a protracted period of time even though the main purchaser China, reduced imports of sbns in October to the lowest level since March and nearly 20% below September.

After the recent rally sbns on the CBOT set back ydy following the decline in corn (it would appear that most of the bullish news for corn is factored into tdy's levels) and the stronger Dollar.

Sboil on the other hand continues to steady buoyed ydy by the increase in mineral oil levels with US crude now trading above USD 88 a barrel. Sbn on the CBOT closed down 9/10 cts, but this has been reversed on the overnight market, whereas sboil closed up 55/58 points and has posted further gains of 26/28 this morning.

Dry weather continues to delay plantings of the new crop in key states in Brazil and parts of Argentina.

Palm oil prices on the Malaysian futures market continue to improve with the benchmark position up Rggt 30 ydy at 3393 and a further 48 this morning to 3441.

Cpoil CIF Rdam was a little easier ydy and the asked levels continue to flatten out with sellers USD 1152.50 N/D and 1147.50 JFM + AMJ.

Recent heavy rains in Malaysia could reduce production for N/D by between 5/8% Palm oil cultivation in Brazil will not be getting the support of Far East growers as a law now exists so that estates must be surrounded by forests at a ratio of 1:4 (sounds just like Indonesia.....)

Domestic consumption of Biodiesel in Argentina has fallen below the 7% mandate level increasing exports particularly to the EU (mainly Spain) to 120,000MT in October.

European rapeoil levels were marked up Euros5/7 ydy at 925 FMA 930 MJJ 912 ASO