

Market Report 15/10/2010

The market is closing the week still on a firm undertone.

The last few days on the CBOT has seen quite heavy overhead resistance after the recent hike in levels, but sbns finally broke through the USD 12 level ydy for the first time in 14 months as the complex looks more Dollar led than anything else as the currency continues to weaken.

Whilst sbns and its derivatives were better corn and wheat were subject to profit taking due also to the prospects of good harvesting weather in the coming few weeks.

Sbns closed up 11/12 cts and have posted similar gains on the overnight market whereas sboil was better by 44/45 points with nominal gains overnight at the time of writing.

Chinese sboil futures were off a 25 month high as the Government intends to release vegoils from its reserve stocks next week to dampen recent price increases.

The removal of the ban on the importation of Argentine sboil was necessary however as exports of Brazilian sboil continue to diminish due to domestic demand at origin for use as a feedstock in Biodiesel.

China is reported to have bought up to 120,000MT of Argentine sboil this week since the ban was lifted, and reportedly purchased for shipment in September a total of 640,000 MT of various vegoils.

The removal of the ban could also boost more planting of sbns by Argentine farmers where the impact of dry weather seems to be reducing as it is in Brazil. Ethanol producers in the US have had a request granted to increase the amount of Bioethanol in gasoline made for cars produced after 2007 from 10 to 15%. This product 'E15' will therefore stimulate demand for grains in Bioethanol production. Palmoil exports from Malaysia for 1/15 October were down 4% month on month at 606,000MT but increasing demand from China and also Pakistan for example where palmoil imports are set to rise and average 170,000MT a month for the last quarter of this year will underpin the market which many believe will soon trade at Rggt 3,000 on the Malaysian futures exchange (today Rggt 2916 + 24) CIF Rdam cpoil was a little easier ydy offered at Usd 1,000 October 992.50 N/D 990 JFM.

Mineral oil is largely unchanged with stocks seemingly rising in most countries. US crude is trading tdy at USD 82.81 a barrel.

European rapeoil was marked up some 5 Euros ydy at 825 NDJ 830 FMA 835 MJJ