

## Market Report 16/11/2010

The end of last week saw a sell off in agricultural commodities after Thursday's close on the CBOT had posted new highs for the recent upward move.

However, an announcement on Friday from the Chinese Government indicating they were prepared to tighten fiscal policies by raising interest rates to combat inflation and increase further control over the volume and scope of imports, led to the market closing the week limit down on both sbns and sboil.

Although a reversal was not unexpected, a feature at the close was professional buying with the market at its lows.

The CBOT closed ydy nominally lower for sboil but better for sbns by 17/18 cts despite renewed pressure on equities, a stronger Dollar, and a reduction in mineral oil prices. Corn and sbns seemed particularly spooked by unsubstantiated rumours of Chinese buying of Argentine maize.

The overall picture remains unclear with the overnight market for the CBOT unchanged for sbns but sboil is under pressure some 125/140 points lower.

For the third consecutive year us end sbn stocks will be less than 5% of annual usage which leaves little or no cushion should there be any potential problems in S.America over the next few months.

Palmoil on the Malaysian futures exchange is showing gains of Rggt 17 at the time of writing at 3370.

1/15 November export figures from Malaysia are up 27% month on month at 747,431 MT.

Cif Rdam cpoil levels are more or less unchanged at USD 1140 N/D 1130 JFM + AMJ.

Mineral oil is back below the USD 85 level trading tdy at 84.30 a barrel.

Sunoil prices in Rdam rose last week to a premium of USD 200 pmt over rapeoil for January, a premium which looks to be unsustainable.

New EU rules from Jan 2011 in Germany will disrupt the supply of rapeoil to Biodiesel plants as feedstock will have to be sustainable utilising rules designed to protect rain forests being cut down for soya and palm production.

European rapeoil was offered Euros 5/7 lower ydy at 925 FMA 935 MJJ 920 ASO