

Market Report 18/11/2010

Agricultural markets have been under considerable pressure over the past few days as participants have been looking to unravel whatever short Dollar/long commodity spreads they may have on as uncertainty continues over the effects of changes to Chinese fiscal policy (where prices are rising at their fastest rate for 2 years) and the potential for further problems in the EU for some member states and the consequent effect on the Dollar.

The CBOT closed down the limit on Tuesday for sboil (250 points) and 62/66 cts for sbns. This decline continued last night with further losses of 100 points on sboil and 10/15 cts for sbns. The overnight market seems to be stabilising clawing back 125 points and 30 cts respectively.

Corn is trading at a 8 week low despite continued rumours of potential S.American exports to China which appear unlikely due to GM issues. Conditions for planting of the new crop in S.America have deteriorated in about half of the states of both Argentina and Brazil where in certain cases it has come to a standstill due to continued dry weather.

This will almost certainly reduce the ultimate size of the crop(s) and have a negative influence in yields.

Palmoil has had a very volatile day after much of the Far East was closed ydy for a religious holiday. The Malaysian futures market had a range of over 200 Rggt and having posted losses of 100 at the close of the morning session closed the day at Rggt 3318 +52, turnover was substantial in excess of 1 Million MT.

CIF Rdam cpoil levels start the day at USD 1135 N/D 1125 Jan thru June. Demand for vegoils in India is increasing due to increased population but more significantly an increase in percapita consumption of oils and fats.

Imports of vegoils in October were 833,000 MT up 25% year on year.

Mineral oil prices are better with the prospect of a solution to the Irish debt problem on the horizon and a weakening of the Dollar. US crude is back trading at USD 82.00 a barrel.

European rapeoil was unchanged ydy at Euros 905 FMA 915 MJJ 900 ASO