

Market Report 25/11/2010

There is precious little fresh news today as the US will be closed for the Thanksgiving holiday, and will scarcely reopen tomorrow.

The CBOT closed up 102/105 points on soybean oil and 16/18 cents for soybeans, influenced partly by short covering ahead of the holiday but also by better US macroeconomic figures regarding unemployment which buoyed equities.

Export demand continues to be good and buying to most destinations robust with 1 Million MT of soybeans from US/Arg/Braz sold last week to China and further shipments confirmed yesterday, but the market was unclear whether this was from an existing 5 Million MT frame contract transacted earlier this year or was new business.

Producer selling remains contained however, particularly in South America where some plantings in Argentina have come to a standstill due to lack of rain.

As long as this dryness continues in Arg/Braz it would appear that market dips will remain temporary.

Rainfall in Brazil in Rio Grande de Sol is so far this month only 36% of normal and only 24% in some key areas of Argentina for the same period.

Corn is becoming increasingly influential with regard to market direction, and having dropped 14% in value over the past two weeks probably represents a good buying opportunity.

Corn acreage will also depend on the demand for ethanol from the Bio sector which should increase if President Obama can get an extension to the corn credit programme; failure to do so could be quite damaging to his administration. Palm oil is steady this morning with the Malaysian futures market closing up by Rggt 108 at 3276.

1/25 November export figures from Malaysia were up 25% month on month at 1.36 Million MT and palm oil exports from Indonesia in October were declared at 1.284 Million up 12.9% with particular strong demand from the US. CIF Rotterdam copoil levels were raised by USD 15/20 yesterday at 1107.50 Dec 1097.50 JFM 1075 AMJ

Mineral oil is trading at USD 83.60 a barrel having lost 8% in value since November 11.

European rapeseed oil prices were marked up Euros 15/22 yesterday at 912 FMA 920 MJJ 905 ASO 915 NDJ