

## Market Report 26/10/2010

The market continues fully steady with the CBOT closing up 117/119 points on soyl and 17/18 cts for sbns, the overnight market is largely mixed around unchanged.

The driving force of the market continues to be the Dollar which remains on the defensive due to a lack of agreement at the recent G20 meeting regarding support for currency markets.

Further impetus was supplied by huge weekly export figures for agricultural products from the US (particular sbns).

It would appear that most major funds have scaled back their long positions in corn and wheat but remain long on sbns.

China, the featured and consistent sbn buyer appears to have purchased as far forward as April ahead of any problems there may be with the S.American crop(s) which are due March onwards.

China is expected to import 16/17 Million MT of sbns in the last quarter of this year compared to 10.2 Million for the same period in '09. In October alone they have already produced 2 Million MT more of sbns than October last year. In S.America the lingering effects of La Nina which is expected to last into 2011 will result in below average rainfall in S.Brazil/Uruguay/Paraguay.

Despite this and considering the key No.1 producing area of Mato Grosso being one month behind in plantings due to dryness, the Brazilian sbn crop is expected to be a record at 69/70 Million MT.

Argentina is expected to have sufficient sbn stocks to satisfy demand ahead of the arrival of the new crop. The US crop is 90/93% harvested versus an average for this time of year of 72%, and prospective good yields should result in a healthy figure ahead of the USDA November crop report due next week.

Palmoil continues to rally with the market breaching and holding the Rggt 3,000 level on Th Malaysian futures exchange having closed ydy at Rggt 3071+66, and is trading tdy a little easier at 3055

Cif Rdam cpoil prices were marked up some USD 25 ydy at 1050Oct 1040 N/D + JFM.

Malaysian exports for 1/25 Oct were up 1% at 1,091,000 MT.

Indonesian cpoil production will be lower this year at 22.0 Million Mt down from 22.5 in '09 largely as a result of prolonged heavy rains.

Vegoil prices continue to rally in Rdam with sunoil having increased by USD 120 pmt over the last 2 weeks and USD 110 for both soya and rape, palmoil has virtually doubled in price since January.

It is now evident that vegoil levels have divorced themselves from mineral oil prices, with US crude trading below USD 84 a barrel.

European rapeoil was marked up by Euros 5/10 ydy at 848 FMA 855 MJJ