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**Palm Oil** (prices in Malaysian Ringgit (RM) per MT, \$ value based on most recent exchange rates)



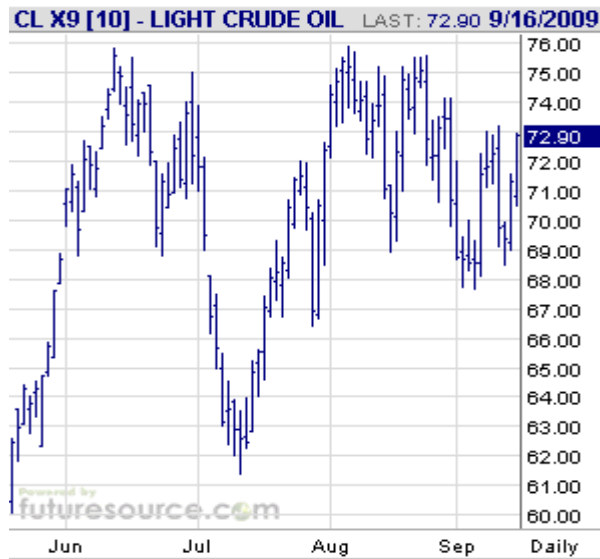
Crude palm oil exports for the first 15 days of September fell almost 20% compared with the same period last month as shipments to the United States and European Union fell significantly. The market seemed to expect these numbers as CPO sold off the last week or two before the release of the data. There are fears that weaker export numbers could lead to a buildup in palm oil stocks at the end of the month as demand still seems weak. Palm oil production has picked up slightly in September and unless second half export numbers pick up, CPO could move back lower to RM2,100/MT (\$604/MT). Over the past few days CPO has moved back higher

mostly on short covering but there is some expectation that palm oil exports in the second half of September could be stronger. As of right now, the market will wait to see what end of the month export numbers will be for clearer direction. We still feel that overall CPO will find support in the RM2,000 – RM2,100 area. Palm wax pricing continues to improve on this pullback in CPO combined with the continued increases in paraffin wax. Right now the delta between palm wax and Chinese paraffin is close to \$400/MT delivered.

## Crude Oil (\$ per barrel)

After moving back below \$70 briefly, crude oil has jumped back up above \$72 on recent news that inventories had dropped to their lowest levels since January. Increased demand both in the United States and abroad mixed with positive expectations for economic recovery continues to push oil higher. Another contributing factor to the surge in price of crude oil could be attributed to the recent weakness of the US Dollar. If crude can close back above \$74 then it will find additional support and push higher to \$78 - \$80. Speculators continue to look for

further economic recovery in the quarter which will keep oil prices up.



## Chinese Paraffin Wax (\$ per MT FOB)

Chinese paraffin wax prices are holding steady after several weeks of price increases ahead of the busiest time of the year. Despite increased demand from the previous month, increases of about \$120/MT over the past couple of weeks have made buyers cautious. Supply is still tight, especially with continued plant shutdowns for maintenance but the sharp price increases are forcing buyers to look for cheaper alternatives if possible, or take a wait and see attitude. There is still some demand which means we do not expect any price decreases in the short-term. For the next couple of weeks, prices should stay at these levels, but there are rumbles of possible weakness in the market by the end of the year.

If you have any questions or comments about this report or are interested in price quotes on any products, please contact:

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