

Gordon Food Service Market Updates

Grocery & Bakery | Soybean Oil

The soybean complex showed continued strength to open the New Year. News of more strikes in Argentina and its exit from supplying global corn supplies through February gave speculators the fuel needed to extend long soybean oil positions and drive the market higher. Global veg oil stocks are continuing to slowly decline, and US crush capacity is running almost 100%, highlighting that this indeed is a demand driven market at the moment. Looking ahead, we have near record-long positions by speculators signaling the market may be "toppy". It also doesn't seem likely that \$13+ soybeans will continue to fit profit models for Chinese demand. That said, we should still consider a firm undertone to the market for at least the next 45-60 days simply because of the absence of the South American crop in the marketplace.