



Soy and Palm Wax Price Increases

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To better understand the rising prices we have gone to www.Bloomberg.com and read his commentary on the commodities.

Soybean and soybean oil prices in Chicago surged on speculation that global demand for food, animal feed and bio-fuels will exceed production this year. Rising demand for soybeans will limit gains in U.S. inventories of the oilseed. U.S. inventories are headed to a four-year low this year. U.S. manufacturers will increase consumption of soybean oil for energy by 22 percent by the end of this year. Soybean oil has more than doubled in the past year on demand for alternative fuels and recording cooking oil consumption.

Another factor is Chinese inflation accelerated in January to the quickest pace in 11 years after the worst snowstorms in decades disrupted food supplies. China is the world's biggest vegetable oil buyer. A prediction of mass shortages of vegetable oil in China means they will continue to import from the rest of the world. China has no problem with the ability to pay, so as long as the Chinese keep buying, the demand story has not ended.

Indonesia, the world's top palm oil producer, announced higher export taxes on crude palm oil. Palm oil is the world's most used cooking oil and the demand is rising across Asia's biggest countries. A commodity strategist is predicting that palm oil, now cheaper than soy oil may soon be even money. About 36 percent of the world's cooking oil comes from oil palm, more than any other plant.

SUMMARY: This is what you learn in Marketing 101, "Supply and Demand" and how it affects the economy. As long as suppliers can get more money for these oils to supply the food and energy chain, we will not see pricing decrease for our waxes. The manufacturers of these waxes will pretty much charge the same no matter who our supplier is.

Which wax will you use, paraffin, soy, or palm now that all three waxes cost about the same??...